Daily Report

Central Eurasia

FBIS-SOV-92-181
Thursday
17 September 1992

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FBIS-SOV-92-181 *17 September 1992*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

FRONT PAGE

INTERREGIONAL AFFAIRS

Presidents Postpone Bishkek Summit Until 9 Oct *[ITAR-TASS]* 2
Interparliamentary Meeting in Bishkek Ends 2
Khasbulatov on Appointment *[Radio Rossii]* 2
Final Documents Signed *[ITAR-TASS]* 2
Khasbulatov, Azerbaijanis on Results *[Moscow Radio]* 3
Khasbulatov Holds News Conference *[Radio Rossii]* 3
Sevastopol Naval College Seeks Russia's Protection *[INTERFAX]* 5
Kasatonov Decries 'Illegal Steps' by Ukraine *[INTERFAX]* 5
Ukraine Says Black Sea Command Violates Yalta *[INTERFAX]* 5
ITAR-TASS Carries Press Review for 17 Sep *[ITAR-TASS]* 5

RUSSIA INTERNATIONAL AFFAIRS

Abkhazia Commission Holds Meeting in Sochi *[Moscow TV]* 7
Adopts New Cease-Fire Order *[Moscow Radio]* 7
Government Supports Yugoslav UN Application *[ITAR-TASS]* 7
Defense Ministry Warns Georgia on Air Piracy *[ITAR-TASS]* 8
Air Defense Equipment Available to Georgia *[ITAR-TASS]* 8
Military Brigade To Leave Cuba by Mid-1993 *[Moscow International]* 8
Kozyrev Comments on Yeltsin's Japan Visit *[INTERFAX]* 8
Kozyrev Offers To Meet Watanabe at UN Session *[Moscow TV]* 9
Spokesman Defends Japan Visit Decision *[INTERFAX]* 9
Ministry Rejects Japan Claims on Shikotan Lease *[ITAR-TASS]* 10
Kozyrev Assesses Role, Objectives in UN *[INTERFAX]* 11
Russia Asks G-7 To Defer Short-Term Debt *[Tokyo KYODO]* 12
Romania Says General's Statement May Harm Ties *[ITAR-TASS]* 12
IZVESTIYA Perspective on Bush, Clinton *[17 Sep]* 13
Yeltsin-Landsbergis Summit Raises Questions *[NEZAVISIMAYA GAZETA 16 Sep]* 14
Parliament Affirms Importance of PRC Relations *[ITAR-TASS]* 15
Indian Defense Minister Hails Russian Visit *[ITAR-TASS]* 15
PRC Consulate General Opens in Khabarovsk *[Vladivostock Radio]* 15
Indian Consulate General Opens in Vladivostok *[Vladivostok Radio]* 15
Government Approves ROK Consulate in Vladivostok *[INTERFAX]* 15

RUSSIA NATIONAL AFFAIRS

Political & Agricultural Issues

Yeltsin, Rutskoy Discuss Agricultural Performance *[INTERFAX]* 17
Farmers Protest for Change in Agrarian Policy *[ITAR-TASS]* 17
Peasant Leaders To Demand Government Resignation *[INTERFAX]* 17
Hearing on State Emergency Committee Set for Dec *[ITAR-TASS]* 17
Ministry of Trade, Resources To Be Abolished *[INTERFAX]* 18
Deputy Chief of Government Apparatus Dismissed *[ROSSIYSKAYA GAZETA 10 Sep]* 18
Gaydar Returns to Moscow After Regional Tour 18
Disappoints Deputies; Fends Off Criticism *[PRAVDA 16 Sep]* 18
Visits Converted Military Plant in Tula *[ITAR-TASS]* 19
Reviews Economic Achievements *[Radio Rossii]* 19

Outlines Arms Export, Monitoring Policies *[ITAR-TASS]* 21
Returns to Moscow; Comments on Tour *[Moscow TV]* 21

Economic Issues

Central Bank's Gerashchenko on Budget Crisis *[ITAR-TASS]* 21
Government Adviser Warns of Fuel Price Hike *[ITAR-TASS]* 22
Government Examines Fuel, Energy Resources *[ITAR-TASS]* 22
Vice Premier Views Energy Needs, Resources *[KOMSOMOLSKAYA PRAVDA 12 Sep]* 22
Fuel, Energy Resources Extraction Falls *[ROSSIYSKAYA GAZETA 11 Sep]* 23
Winter, Harvest Eventuate Fuel Export Suspension *[IZVESTIYA 10 Sep]* 23
Government To Seek Parliament Accord on Vouchers *[INTERFAX]* 23
Minister on Opposition to Privatization Plan *[INTERFAX]* 24
Democratic Party Disputes Privatization Claims *[NEZAVISIMAYA GAZETA 15 Sep]* 24
Movements Voice Opinions on Privatization *[IZVESTIYA 12 Sep]* 25
Government Figures For Foreign Trade Jan-Aug *[ITAR-TASS]* 26
Figures Cited for Foreign Debt, Budget Deficit *[SOVETSKAYA ROSSIYA 15 Sep]* 26
Government To Renegotiate Foreign Debt Repayment *[ROSSIYSKAYA GAZETA 12 Sep]* 27
Central Bank Resolves Cash Flow Problems *[ROSSIYSKAYA GAZETA 9 Sep]* 27
Bank Tying Savings Deposit Rates to Inflation *[Moscow TV]* 27
Bank Official Agrees With New Reform Approach *[ROSSIYSKIYE VESTI 12 Sep]* 28
Industrialists Demand More Say in Decisionmaking *[Radio Rossii]* 28
Researchers Advise Slower Reforms *[NEZAVISIMAYA GAZETA 12 Sep]* 29
Economy Minister Outlines 1993 Priorities *[ROSSIYSKIYE VESTI 15 Sep]* 30
Khizha Interviewed on Economic Problems *[Russian TV]* 31
Finance Official Examines Role, Policies *[ROSSIYSKIYE VESTI 5 Sep]* 38
Constituent Conference of Business Chamber Opens *[ITAR-TASS]* 39
Number of Millionaires Grows as Business Booms *[ITAR-TASS]* 39

Supreme Soviet

Party Advocates Dissolution of Supreme Soviet *[INTERFAX]* 40
Parliament Officials on Defense Bill, Roles *[Russian TV]* 40
Deputies Criticize Reform Coalition Tactics *[ROSSIYSKAYA GAZETA 11 Sep]* 41
Socialist Working Party on Goals for Session *[NEZAVISIMAYA GAZETA 16 Sep]* 41
Supreme Soviet Prepares Draft Law on Moscow *[ITAR-TASS]* 42
Commission To Study Post-Chernobyl Problems *[ROSSIYSKAYA GAZETA 10 Sep]* 42

Regional Affairs

Sakhalin Governor Deems Lease of Island Normal *[KOMSOMOLSKAYA PRAVDA 15 Sep]* 42
Other Far East Leaders React *[IZVESTIYA 16 Sep]* 43

UKRAINE

International Affairs

Leader Visits to EC, UK Try to Bolster Relations *[IZVESTIYA 16 Sep]* 44

National Affairs

Supreme Soviet Agrees to Join Treaty Convention *[ITAR-TASS]* 44
Deputies Worry About New Privatization Law *[INTERFAX]* 44
Chernobyl Generators Being Reactivated in Oct *[INTERFAX]* 45
Clash at Parliament Building Leaves 15 Injured *[INTERFAX]* 45
Current Grain Harvest Will Meet National Needs *[INTERFAX]* 45
Miners Blame Banks for Economic Collapse *[PRAVDA 12 Sep]* 45
National Democratic Forces Stage Lutsk Congress *[Kiev Radio]* 45
Democratic Party Calls for Constitution Adoption *[Kiev TV]* 46
Government Faces Three Options on Constitution *[INTERFAX]* 46
Rukh Pushing for Parliament Dismissal Referendum *[INTERFAX]* 46

Workers Solidarity Meets in Kiev; Plans Actions *[Kiev International]* 46
Citizens Asked to Report Crimes Anonymously *[Kiev International]* 46

WESTERN REGION

Belarus

Shushkevich Briefs German President on Food Needs *[ITAR-TASS]* 47
Describes Basis for Mutual Relations *[ITAR-TASS]* 47
Prime Minister Hopes for Treaty With Kazakhstan *[ITAR-TASS]* 47

Moldova

Defense Minister Appointing Dniester Commanders *[INTERFAX]* 48
Ministry Protests 14th Army General's Remarks *[ITAR-TASS]* 48
Talks Open With Russia on 14th Army Status *[Moscow Radio]* 48
Peace in Dniester Bodes Well for Pullout *[INTERFAX]* 48
Snegur Courts Russian Officers *[Moscow TV]* 49
Dniester Leader Assures Receptiveness to Dialogue *[INTERFAX]* 49
Parliamentary Official on Dniester Stabilization *[Bucharest ROMPRES]* 49
Decree Recommends Debt Clearance, New Credits *[ROSSIYSKIYE VESTI 15 Sep]* 49

CENTRAL ASIA

Kazakhstan

Nazarbayev Sets Three-Phase Grain Sales Plan *[Moscow TV]* 50
Decree Sets Ethnic Forum in Alma-Ata for Dec *[ITAR-TASS]* 50
Officials Deny Underground Presence of Atom Bomb *[Alma-Ata Radio]* 50

Tajikistan

Kulyab Region Appeals for CIS Troops *[INTERFAX]* 51
Update of Kurgan-Tyube, Parkharskiy Situation *[Moscow TV]* 51
Acting Premier Sees Hope Amid Tense Situation *[INTERFAX]* 51
Iskandarov Visits Uzbekistan To Discuss Ties *[IZVESTIYA 15 Sep]* 51

Uzbekistan

Karimov Claims Iran Implicated in Tajik Events *[NEZAVISIMAYA GAZETA 17 Sep]* 52
UN Delegation Meets With President Karimov *[Moscow TV]* 52
International Labor Organization Grants Membership *[ROSSIYSKIYE VESTI 15 Sep]* 52

CAUCASUS

Azerbaijan

Ministry Seeks CSCE Peace Efforts on Karabakh *[TURAN]* 53
Ministry Blames Armenia for Canceled Meeting *[INTERFAX]* 53
Ministry Accuses Armenia of Using Poison Gas *[INTERFAX]* 53
President Comments on Developing Ties With U.S. *[ITAR-TASS]* 53

Georgia

UN Mission Arrives; Meets Shevardnadze *[ITAR-TASS]* 54
Shevardnadze Meets NATO Delegation *[ITAR-TASS]* 54
Shevardnadze Meets Democratic Abkhazia Faction *[ITAR-TASS]* 54
Defense Minister Dissatisfied With Adler Talks *[INTERFAX]* 54
Abkhaz Units Attack Positions Near Gagry *[INTERFAX]* 54
Troop Disengagement Reportedly Succeeding *[ITAR-TASS]* 54
Armenian Delegation Arrives for Visit *[SNARK]* 55

S. Ossetian Peacekeepers Issue Appeal to Media *[INTERFAX]* 55
State Council Warns Against Hindering Elections *[INTERFAX]* 55

BALTIC STATES

Estonia

Polls Indicate Ruutel Leading Presidential Race *[Helsinki HELSINGEN SANOMAT 9 Sep]* 56
Defense Official on Pullout Deadline Compromise *[BALTFAX]* 56
Government Adopts Aid Plan for Returnees *[BALTFAX]* 56
Radio Staff Cancels Election Day Protest Action *[BALTFAX]* 56

Lithuania

Former Premier Denies Cooperating With KGB *[ITAR-TASS]* 56
Holds News Conference *[KOMSOMOLSKAYA PRAVDA 16 Sep]* 57
Premier Suggests Postponing Meeting With Gaydar *[BALTFAX]* 57
New Finance Minister Discusses State Budget *[ELTA NEWS BULLETIN]* 58
Parliament Passes Antimonopoly, Bankruptcy Laws *[BALTFAX]* 58
Fuel Crisis Raises Public's Household Expenses *[Vilnius International]* 58
Statistics Show Decrease in Industrial Production *[ELTA NEWS BULLETIN]* 59
Investments Accord Signed With PRC *[BALTFAX]* 59
Landsbergis Comments on Agreement With Russia *[BALTFAX]* 59
'Imperialist' Attempts To Stop Withdrawal Decried *[ELTA NEWS BULLETIN]* 59
East Lithuanian Association Discusses Platform *[ELTA NEWS BULLETIN]* 60
Former Political Prisoners Join Electoral Campaign *[ELTA NEWS BULLETIN]* 60

Central Bank Chief Predicts Considerable Budget Expenditure Reduction

Viktor Gerashchenko, acting chairman of the Central Bank of Russia, stated that he "does not exclude the possibility of a considerable widespread reduction in budget expenditures in October, affecting social welfare spending," reports ITAR-TASS. In an interview after the Russian Government session, Gerashchenko blamed the reduction on low budget revenues, which for "the first eight months of 1992 amounted to only 40 percent of what was expected for the whole year." He added that as a result of this and "the maximum budget deficit determined by the parliament, we will probably have to suspend the expenditure part of the budget until it can be recalculated within the limits of the revenues we have received." This means that "in October the allocation of state funds to subsidized enterprises and organisations, as well as funds for various social needs envisaged in the budget of the Russian Federation, may be reduced according to the lack of funds."

Local Officials in Tajikistan Region Request CIS Troops

"The regional committee of the Kulyab region (in southern Tajikistan) appealed to the presidents of the Central Asian republics, Russia, and Kazakhstan Wednesday [16 September] with a request to lend 'urgent assistance by quickly sending CIS troops to the region in order to save the people who sincerely want to build a truly democratic society,'" according to INTERFAX. "The appeal warns, if the 'anti-national extremist forces' win, democratic developments will be undermined not only in Tajikistan, but in Uzbekistan, Kyrgyzstan, Kazakhstan, and Turkmenistan as well." A similar report from ITAR-TASS adds that "no official reaction by the authorities in Tajikistan has as yet followed the appeal's appearance."

Uzbekistan's Karimov Claims Iran Involved in Tajikistan

Uzbek President Islam Karimov, speaking at a news conference, made a "direct accusation against Iran, which, according to him, is implicated in the situation in Tajikistan," reports NEZAVISIMAYA GAZETA. Karimov claimed that "the real organizers of the bloody events in that neighboring country are still behind the scenes and are biding their time."

Chernobyl Nuclear Plant Generators Being Reactivated

The "first and third generators of the Chernobyl nuclear power station are to be reactivated in October of this year," reports INTERFAX, citing the power station's chief engineer. "These generators were shut down following an incident in the Leningrad nuclear power station when the back-up safety valve in the working reactor failed. A consequent check-up of the same equipment in the Chernobyl reactors established the presence of similar microscopic cracks in the majority of safety valves." While personnel are "currently replacing the parts," the reactor has not yet been fitted with the valves because they must be imported from Russia.

Presidents Postpone Bishkek Summit Until 9 Oct

LD1609135292 Moscow ITAR-TASS in English 1323 GMT 16 Sep 92

[By KYRGYZTAG correspondent Albert Bogdanov]

[Text] The presidents of Kyrgyzstan, Russia, Kazakhstan, Ukraine and Belarus today agreed to put off the meeting of the heads of state and government of their respective countries in Bishkek until October 9.

The decision was prompted by the desire to finalize the working documents to be discussed at the summit and thus ensure greater efficiency of the meeting, the press service of President Askar Akayev of Kyrgyzstan has reported today.

The summit was initially scheduled for September 24-25.

Interparliamentary Meeting in Bishkek Ends

Khasbulatov on Appointment

LD1609111592 Moscow Radio Rossii Network in Russian 1000 GMT 16 Sep 92

[Text] The Interparliamentary Assembly of the CIS states is completing its work in the capital of Kyrgyzstan. Our special correspondent Nikolay Artemyev reports from Bishkek.

[Artemyev] The Assembly's plenary session resumed today in the building of the Kyrgyz Republic's Supreme Soviet. Among the most important documents drawn up by the participants are a resolution on the preparation of prototype legislative acts, an appeal to the peoples of Tajikistan in connection with events in this republic, a joint statement by the states taking part in the Assembly, and other documents.

Ruslan Khasbulatov, speaker of the Russian parliament, was elected chairman of the Assembly yesterday. Appraising the current Assembly's importance in a conversation with journalists, he said:

[Begin Khasbulatov recording] If we return to these events, to what occurred here yesterday and to what we see today, we will see that two of our institutions have been preserved. These are more or less united armed forces and, at last, an interparliamentary union. I think you will agree that what we have achieved is very close in spirit and content to the recent speech by the respected president of Kazakhstan, Nazarbayev, in which he put forward five principles for the new confederation and the rapprochement of the new union. We have taken a very decisive and, let us be frank, mighty step along the road toward the unification of the peoples. [end recording]

[Artemyev] It is also significant that the Interparliamentary Assembly took place on the eve of the upcoming summit in Bishkek. Good foundations for cooperation have been laid at the parliamentary level. So, the first plenary sitting of the Interparliamentary Assembly of the CIS states is finishing its work in Bishkek, which, in these September days, is becoming an important center in political life within the framework of the former Union.

Final Documents Signed

LD1609130792 Moscow ITAR-TASS World Service in Russian 1158 GMT 16 Sep 92

[By ITAR-TASS correspondent Aleksey Tabachnikov]

[Text] Bishkek, 16 Sep—The first plenary session of the Interparliamentary Assembly of the CIS countries has ended with the signing of the final documents. The session was held in the Kyrgyzstan capital on 15 and 16 September.

The regulations of the Assembly were adopted and a mechanism of interparliamentary cooperation was organized. The formation of Assembly commissions on legal questions, economics and finance, social policy and human rights, environmental problems, and questions of security were approved.

The session participants adopted a declaration on the social protection of citizens and approved the basic directions of bringing the national legislations closer together. An appeal to international parliamentary organizations proposing the development of cooperation was also adopted.

At a news conference after the close of the session, all heads of delegations expressed satisfaction with the results of the work and noted the high level of mutual understanding.

Ruslan Khasbulatov, commenting on his election as chairman of the council of the Interparliamentary Assembly, stressed that this is "a manifestation of trust in Russia." He said the Assembly is called upon to become a supranational body, capable of neutralizing many negative processes that are characteristic of the CIS countries.

[Moscow ITAR-TASS World Service in Russian at 1159 GMT on 16 September adds the following: "The participants in the plenary session of the Interparliamentary Assembly of the CIS countries appealed today to the opposing sides in Abkhazia to declare an immediate cease-fire. In a statement adopted on the events in Abkhazia, they expressed concern at the possibility of the spread of the military conflict to neighboring states. The Interparliamentary Assembly calls for fighting units to be returned to their permanent stations, for the security of civilians to be ensured, and for the guaranteed and unhindered transit of people and freight throughout the territory of Abkhazia. The statement also contains a request to governments and parliaments of the CIS countries to render humanitarian aid to Abkhazia and to those who have suffered in the armed conflict."]

Khasbulatov, Azerbaijanis on Results

LD1609163292 Moscow Mayak Radio Network in Russian 1317 GMT 16 Sep 92

[Excerpts] As we have already reported, the first Interparliamentary Assembly of the Commonwealth states ended in Bishkek today. Here is our correspondent in Kyrgyzstan, Aleksandr Nestov, with the details. Over to you, Aleksandr. Hello there.

[Nestov] Good evening. As was noted at today's final plenary session of the Assembly by its participants, the consolidation of the parliaments of the CIS is a natural and logical step toward strengthening political, economic, and cultural cooperation among all states of the Commonwealth. The Interparliamentary Assembly adopted a number of important documents—for instance, an appeal to international parliamentary organizations and a statement on social protection for citizens. The main guidelines for bringing the national legislation of the participant-states of the Commonwealth closer together and proposals for preparing recommendatory legislative documents have been drawn up. [passage omitted]

Ruslan Khasbulatov, chairman of the CIS Interparliamentary Assembly, proposed that there should be single citizenship throughout the territory of the Commonwealth. The Assembly also adopted documents concerning the organizaton of an interparliamentary news service. In an appeal to the people of Tajikistan, the CIS parliamentarians expressed serious concern about the situation that has evolved there, called on the warring parties to end their fratricidal war, and expressed their conviction that the Tajik people's inherent wisdom would yet prevail and that peace and accord would reign in the ancient land of Tajikistan.

The Azerbaijani parliamentary delegation, which attended as observers at the Assembly, also made a statement. They said that Azerbaijan, while not a juridical member of the CIS, supports all the documents signed in Bishkek and expresses its sincere readiness for cooperation with all the states of the Commonwealth on a mutually-advantageous basis.

After the signing of the documents, Ruslan Khsbulatov, chairman of the Assembly, addressed the participants. He said, in part:

[Begin Khasbulatov recording] The peoples, the conscience of mankind and civilization itself demand from us that (?we should focus on people). People expect us to take concrete actions to halt bloodshed and to take very serious actions to ensure real improvement in the situation of our people, who, as you will know for yourselves, are suffering very badly, among other reasons, from our not fully thought out legislative measures. Of course, in these circumstances, the creation of such a supranational parliament—in a (?confederal) sense, on a democratic basis—and the proclamation of the glorious city of St. Petersburg, with its really fine history, as its capital, is of course a factor that lends dynamism to the development of relations between our countries—moreover, on an equal, democratic, and mutually-respectful basis. [end recording]

[Nestov] A news conference was then held, at which the speakers of the CIS parliaments replied to numerous questions from journalists. It has been decided to hold the next plenary session in St. Petersburg, which, as Ruslan Imranovich Khasbulatov just said, has been picked as the capital of the Interparliamentary Assembly.

Here is one last piece of news. It has been decided to postpone the conference of CIS heads of state set for 24 September here in Bishkek until 9 October. As I have just been told by the press service of the Kyrgyz president, this was done by agreement with the heads of state of the Commonwealth to enable more in-depth work to be done on the documents that the CIS presidents are to discuss in Bishkek.

That is all I have to say today.

Khasbulatov Holds News Conference

LD1609223492 Moscow Radio Rossii Network in Russian 1235 GMT 16 Sep 92

[News conference with Ruslan Imranovich Khasbulatov, chairman of the CIS Interparliamentary Assembly, with foreign and domestic reporters in Bishkek on 16 September—recorded]

[Text] [Zorin] Igor Zorin from Radio Rossii Author's Channel "In First Person." Ruslan Imranovich, you are the chairman of the Interparliamentary Assembly. My first question is: What role do you see for yourself at this Assembly? The second: Which of the documents adopted here would you single out first and foremost?

[Khasbulatov] My role is very difficult. As you are asking me what role I envision, I would naturally single out the document signed by our esteemed host, Medetkan Sherimkulovich [Sherimkulov, speaker of the Kyrgyz parliament], regarding my election by secret ballot to the post of chairman of the parliamentary [as heard] Assembly. [laughter; an unidentified voice says "There is no denying that you are one for humor!"]

[Khasbulatov] Yes, it is my strong point. Leaving the humorous side behind, of course it is a difficult role. Let us be honest. After all, the cause of the parliamentary Assembly has to be advanced. After a while we should come to the realization that we need a supranational parliament; of course, there are huge steps to take.

I can only reiterate this idea: It is no coincidence that all these wise men gathered here loaded the burden onto me. You may have heard—there were voices there saying: Let it be a deputy.

I said: Look here, if we want St. Petersburg, I said, but Anatoliy Aleksandrovich Sobchak, who will he reckon

with? Literally a few hours later—I just want to brief you—I certainly gave him a call right away and congratulated him. He started to say: Why, in my absence, without my knowledge, and so on. So you see: My guess was correct. Well, naturally, I talked to him using normal language of course, as you may well guess, and I told him everything. And Anatoliy Aleksandrovich said: I am glad, I am happy. We will start everything right away! Which palace do you want?

And so on and so forth. But you do realize, don't you, that it is not just a question of prestige. Indeed, there will be nothing left of the prestige in a few months if we do not take some real actions, some real steps. Do you agree? Let us take, for instance, the conflict in the Transcaucasus. We should probably be thinking about ways to intervene in these matters now. Intervene is the word. Why? Because when blood is being shed, it is immoral to say: This is none of my business. To stop the killings, can we adopt a stance of noninterference? Personally, I cannot accept such a stance. That means we must step in. It is not just Khasbulatov or Sherimkulov who have to step in. What we need is to find universally acceptable civilized norms, right? After all, there is agreement on what constitutes human rights, there are statutes and charters. We should certainly establish, as it were, very strong ties with the European Parliament, which has very well-grounded traditions.

All in all, I will not talk too long, for it seems I have already taken quite some time with my answers. There is much work to do, very much indeed. I certainly hope to get some help from my colleagues, from you, and from our deputies, Russian deputies.

There have already been many responses, telegrams, and telephone calls. All in all the public, the Russian public, sees this event as a very serious step which is leading to some sort of mutual understanding, to a deeper mutual understanding. This is essential for us.

If I can dwell a bit more on this, I personally would like to single out two documents which, in my view, are simply essential for us. Our legislative activities must be regarded with more respect and attention. In this context, I would like to call on our legal experts, our consultants, to study legislation. There are times when we make many mistakes. Medetkan Sherimkulov will not allow me to say this, but in jest he expressed an exceptionally serious idea several months ago: Ruslan Imratovich, for God's sake, adopt clever laws. After all, your laws become our laws. That is to say, he alludes to the fact that, begging your pardon, you adopt idiotic laws. [laughter] Yes, and that we adopt them, too. That is why I simply call upon all my colleagues and legal experts, in a good spirit, to study these mutual norms of ours so that we can maybe prompt each other at times.

That is the first point. The second is one that I expressed earlier today—that we must preserve our common citizenship. Let this be my first and most resolute statement: I am a supporter of retaining common citizenship within the confines of the CIS. Judge for yourselves: All the members of our Russian delegation have relatives in other states. People will not support us if we abandon common citizenship.

All in all, of course, I can understand specialists in international law and how this is to be done. It seems that I express my ideas with sufficient clarity. So far the heads of executive authorities have failed, you know, to arrive at this opinion. Since I was elected for a year and there do not seem to be any grounds to have me deposed, I will use my right as the chairman of the Assembly: I wish to state very resolutely that I am a supporter of retaining common citizenship on the territory of countries that signed the documents setting up the Commonwealth. These questions must be thought through. The issue of permanent working bodies of our countries must be thought through, isn't that right? I am referring to a working apparatus.

All of us have learned a lot from the European Parliament in Strasbourg. You are right: For this we need to work intensively. It is very important to make the activities of our parliamentary assembly dynamic. I think that the leaders, the heads of the executive power, will feel more confident if they can rely on some recommendations from us, on some decisions from us. They are people, too. We, as parliamentarians of course, criticize them, very harshly at times, but we must understand that they, too, have certain fears about how this will be done and so on and so forth.

On our side, we should do everything to strengthen in some way trust in the leaders and the peoples. The main thing is to improve people's normal position, their economic position. It is the duty of parliamentarians to remove these contradictions. If I am asked, then I am not sure that these innumerable accusations, these clashes between the legislative and executive powers, stem from me. No, of course not, not at all.

There are many reasons. Is it really worth it now to go deeper into this discussion, which is in general and to a certain extent theoretical? If you would like something more specific, I have brought here a brochure entitled "Power" [Vlast]. In it I have tried to give a definition of the various branches of power, representative power and so on.

We say we are moving away from dictatorship. But what sort of dictatorship are we moving away from? From the dictatorship of executive power. Never on the territory of the Russian empire, now the Russian Federation, nor on the fringes, now the independent republics, has there been any normal representative power. There was executive power. It is a different matter whether it was normal or not, whether it was autocratic or more or less democratic; nonetheless, it was executive.

All of us have only just begun over the past two years to speak about a law-based state, about democracy. Now we ourselves wish to bow our heads to whom? To executive organs of power. Of course, not everywhere do we have

good chairmen of soviets. This is perfectly clear. It is necessary, however, to bear in mind not the individual but the institution. We must strive to create institutions that will ensure human rights. Individuals come and go, but institutions remain. They ensure the law.

Sevastopol Naval College Seeks Russia's Protection

OW1609140792 Moscow INTERFAX in English 1321 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] On Wednesday [16 September], the staff of the Black-Sea Nakhimov Naval College appealed to the Russian parliament for assistance in having the Minsk agreements implemented or in placing the college under Russia's jurisdiction (according to the Minsk agreements, the Nakhimov Naval College must be organic to the CIS Joint Armed Forces). They complain that the Ukrainian leaders are engaged in what they called "forced Ukrainization of the college" which may entail its elimination.

"Russian sailors never surrender without a battle. Neither shall we," says the appeal.

Kasatonov Decries 'Illegal Steps' by Ukraine

OW1609181592 Moscow INTERFAX in English 1642 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] Black Sea Fleet Commander Admiral Igor Kasatonov protested against the Ukrainian Defense Ministry's transfer of parts of the Kerchensko-Fedosiskiy naval base to Ukrainian jurisdiction.

The statement emphasized the "unilateral, illegal steps by the Ukrainian Defense Ministry to place under its own jurisdiction ships, sections and institutions currently under the fleet's authority have not ceased in recent time".

Kasatonov reserved the right "to undertake any measures to ensure the strict observance of the Yalta agreements".

[In a related report carried in the same facsimile transmission at 1642 GMT on 16 September, INTERFAX reports former Black Sea Fleet Commander Admiral Aleksey Kalinin has demanded that Ukrainian Defense Minister Konstantin Morozov be stripped of his post. Citing an interview with Kalinin by Sevastopol radio, INTERFAX quotes Kalinin as saying: "Defense Minister Morozov made a series of decisions which have led to the Black Sea fleet's reduced military potential and the weakened defense of the CIS's southern marine borders." The report adds: "Kalinin believes General Morozov violated the Constitution and other laws of the republic by dismissing Black Sea Naval Academy Commander Admiral Denisenko, conferring a rank on Colonel Zverev without adhering to standard military order and allowing into the ranks persons surpassing the service's age requirements."]

Ukraine Says Black Sea Command Violates Yalta

OW1509115592 Moscow INTERFAX in English 1015 GMT 15 Sep 92

[Following item transmitted via KYODO]

[Text] The Ukrainian Navy has accused the Black Sea fleet command of attempts to undermine the Yalta agreements. A statement of its press center says that the command is using every means to misinform the public and personnel of the fleet and provoking disturbances. It is blocking the efforts of the Ukrainian Defence Ministry to reform two naval academies.

The statement says that the fleet command and the chauvinistic part of the Crimean Republican movement have stepped up their political cooperation. In this context the Ukrainian Navy urged the presidents, parliaments and delegations of Ukraine and Russia to the [as received] talks on the Black Sea Fleet to speed up work on the whole set of documents on the issue to considerably reduce tension and remove the causes and possibilities of conflicts.

ITAR-TASS Carries Press Review for 17 Sep

LD1709102192 Moscow ITAR-TASS in English 0935 GMT 17 Sep 92

["Press Review"—ITAR-TASS headline]

[Text] Moscow September 17 TASS—Today's newspapers highlight the results of an Interparliamentary Assembly of the Commonwealth of Independent States held in Bishkek, relations between Estonia and Russia and a rally of protest held by Russian peasants in Moscow.

The TRUD newspaper writes that the main aim of the Interparliamentary Assembly of the Commonwealth of Independent States, attended by Russia, Kazakhstan, Kyrgyzstan, Belarus, Tajikistan, Armenia and observers from Azerbaijan, was looking for ways of bringing the Commonwealth states closer together.

It was pointed out that during the meeting a mechanism of interparliamentary cooperation was formed on the basis of the principles of parity representation and reaching the consensus between its participants.

The Russian Parliamentary Speaker Ruslan Khasbulatov was unanimously elected chairman of the Interparlimentary Assembly.

The NEZAVISIMAYA GAZETA stressed Khasbulatov's appeal at the final news conference to preserve common citizenship on the territories of the countries parties to the Assembly's treaty. The newspaper quoted

Khasbulatov as saying that European countries were on their way to the common citizenship without losing their national independence.

The KOMSOMOLSKAYA PRAVDA newspaper quoted Khasbulatov's words that the Assembly is not a super parliament and a legislative body, although its main goal is to coordinate legislative activities of the Commowealth countries.

NEZAVISIMAYA GAZETA and KRASNAYA ZVEZDA published large articles on the problems of the border between Russia and Estonia. Estonia's position that the entry to Estonia is regarded as an entry into a foreign state is described as a discriminative act against Russian citizens. The KRASNAYA ZVEZDA newsaper writes that Estonian residents can freely enter Russia. The newspaper says that few things are taken into Russia, while there are long queues at customs check points to take things out of Russia, including secret outlets bypassing the customs and border control.

According to estimates, only 50 per cent of goods taken out of Russia go through the customs and border check points. The newspaper writes that Russia's border remains partially transparent, as Russian authorities are slow to adopt corresponding legislative acts.

Both newspapers believe, that the border between Russia and Estonia exists, though it is not officially recognised by Estonia, and hold the view that Russia should close its border as well.

"The hole" on the border with the Baltic states damages Russian interests, the KRASNAYA ZVEZDA newspaper said.

TRUD and SOVETSKAYA ROSSIYA highlight a rally of protest held on Tuesday in Moscow as a nation-wide day of peasants' protest. A total of 2,000 Russian peasants and farmers staged pickets in front of the house of the Russian Government, the former building of the CPSU Central Committee.

The participants demanded the establishment of parity prices for industrial and agricultural goods, reduction of taxes and introduction of state subsidies.

The SOVETSKAYA ROSSIYA newspaper said that 20 peasant representatives were sent to meet with the Russian Vice-President Aleksandr Rutskoy and announce their intention to take more resolute actions unless their demands are met.

The TRUD newspaper writes that the present agrarian policy appeals to no one in the countryside. However, as some strikers said, not all farmers support the idea of picketing and strikes.

The KRASNAYA ZVEZDA newspaper carries an interview with Colonel-General Konstantin Morozov, the Ukrainian defence minister, who thinks that orienting military construction to the West it is too expensive. "Our goal is to do everything possible to make the ageements, signed between the Russian and Ukrainian Defence Ministries, work," Morozov stressed.

He said that "there is no room for Ukraine in the system of collective security and structures of the Joint Armed Forces", as Ukraine is an independent state belonging to no military bloc and a nuclear free and neutral state in the future.

But at the same time Morozov said that Ukraine was not going to give up the cooperation with the Russian military industry.

NEZAVISIMAYA GAZETA carried a large interview with the prisoner of "Matrosskaya Tishina", Anatoliy Lukyanov, who, in particular, blames "democrats and national separatists" for the collapse of the Soviet Union.

Abkhazia Commission Holds Meeting in Sochi

LD1509180592 Moscow Teleradiokompaniya Ostankino Television First Program Network in Russian 1400 GMT 15 Sep 92

[Report by correspondent A. Melkonyan in Sochi; from the "Novosti" newscast]

[Text] A routine meeting of the monitoring and inspection commission in Abhkazia opened in Sochi today. The main topics are humanitarian aid for victims and human rights problems in this region.

[Begin recording] [Melkonyan] The commission's meeting was held in Sochi airport. The Russian delegation arrived, led by Yuriy Vorobyev, first deputy chairman of the Russian Committee for Emergency Situations, and was followed by the Abkhazian delegation, led by Vladislav Ardzinba, chairman of the republic's Supreme Soviet. A short while later, the aircraft carrying the Georgian delegation, led by Deputy Premier General Tengiz Kitovani, landed.

What hopes do you have for this meeting?

[Ardzinba] Well, I hope that those articles of the final document signed in Moscow will be eventually implemented. Very unfortunately, the opposing sides are in effect not implementing a single article of this agreement. This concerns the cease-fire, and this concerns all other articles in this document.

[A. Kavsadze, vice premier and chairman of the Committee for the Defense of Human Rights and Ethnic Minorities of the Republic of Georgia] There are claims from our side that the cease-fire is not being observed. People have fallen victim to attacks even after our decision was announced. In effect, the war has not ended. It is true that compared with what the war was, less blood is of course being spilled but there are victims nevertheless. [end recording]

[Melkonyan] After a short conference, the heads of delegations decided to discuss the three most important matters at this meeting: first, military issues; second, problems of humanitarian aid to victims in the combat region; and third, human rights violations on Abkhazian territory.

Adopts New Cease-Fire Order

LD1509174492 Moscow Mayak Radio Network in Russian 1700 GMT 15 Sep 92

[Text] According to our correspondent in Sochi, the sitting of the working commission has ended. A decision was adopted on the mechanism for disengagement of the conflicting sides in Kolkhida. By 2200 on 15 September the military commanders will receive the order to prohibit the use of weapons, and beginning at 0000 on 16 September there will be a cease-fire along the Bzyb River.

Government Supports Yugoslav UN Application

LD1609212292 Moscow ITAR-TASS World Service in Russian 2007 GMT 16 Sep 92

[By ITAR-TASS diplomatic correspondent Rostislav Gertsev]

[Text] Moscow, 16 Sep—The conversation between Russian Foreign Minister Andrey Kozyrev and Milan Panic, chairman of the Yugoslav Government, was held behind closed doors and lasted about 40 minutes. The problems of a peaceful settlement in Yugoslavia were discussed once again during the course of the meeting, the head of the Russian Federation Foreign Ministry reported, stressing the Yugoslav premier's active, positive role.

Russia's attitude toward Yugoslavia has not changed, Andrey Kozyrev stated. We support the efforts of the democratic and peacefully minded forces in that country who are striving to remove the causes that led to UN sanctions and have led to the country's international isolation, he stressed. "We want the new Yugoslavia—the Yugoslavia of Panic—to receive international recognition and to occupy a worthy place in the family of civilized free peoples."

Replying to a question as to whether a meeting will take place between Russian President Boris Yeltsin and the chairman of the Yugoslav Government, Andrey Kozyrev suggested that "one should not jump the gun." During the course of today's meeting, he said, the president has been following the development of events very closely and we will be coming back to this question again."

The Yugoslav premier described relations between the two countries as "splendid." At the end of the brief news conference Milan Panic made a statement in which he said that on 17 September, at the session of the Yugoslav Government in Belgrade, he will propose that the "new Yugoslavia" should submit new claims to participate in the United Nations and other international organizations. I sincerely believe, the Yugoslav premier said, that the policy of my government is one of tolerance, respect for all our neighbors, and recognition of the inviolability of borders, and that it will lead to the realization of the great dream of creating an economic union of Balkan states.

"The decision that will be adopted tomorrow will give us the opportunity to return to the world community with dignity and to give us back the respect of public opinion which we deserve," Milan Panic said, expressing gratitude to Russia for the support it has given. The head of the Russian Foreign Political Department, in turn, said that Russia fully supports this step by the Yugoslav leadership and will do everything possible to see that its intentions are realized, "including its intentions to achieve as quickly as possible full membership of a peaceful democratic Yugoslavia at the United Nations."

Defense Ministry Warns Georgia on Air Piracy

LD1709081492 Moscow ITAR-TASS World Service in Russian 0722 GMT 17 Sep 92

[Text] Moscow, 17 Sep (ITAR-TASS)—Today the Russian Defense Ministry stated it has irrefutable proof that the helicopter which fired upon the "Kometa" passenger vessel on 27 August "was acting on the instructions of the Georgian side."

We would like to remind you that a helicopter without identification markings fired upon the "Kometa" vessel with vacationers and refugees on board, which was going from Batumi to Sochi. As a result of this action, 11 people were wounded and one person died. Georgian officials tried to place responsibility for what happened on the Russian military.

The statement by the Russian Defense Ministry stresses that the helicopter was operating on the instructions of the Georgian side. The name of the pilot is even known—Maysuradze. He could not have failed to see or know that he was using a combat weapon against civilians. Most of the passengers on the civilian vessel attacked were Russians. The Russian Defense Ministry regards this act of armed violence against unarmed people as "total disregard for the norms of international law by the Georgian side."

"There is no other way to regard the numerous other dangerous actions which caused a real threat to the life of Russian servicemen and members of their families situated on the territory of Georgia," the statement reads. "Provocative firing on military units, military sanatoria, cantonments, and facilities, armed raids and hostage-taking are all an alarming reality of the recent past."

Georgian helicopters, the document notes, are increasingly appearing over densely populated areas of Russian-speaking people and firing upon them. It has become known that the Georgian side has concentrated a large amount of aerial bombs of various caliber, including 250 kg bombs, at Sukhumi Airport.

The Russian Defense Ministry states that "the Russian troops in the conflict zone are maintaining and will maintain neutrality. However, if bandit actions with the use of helicopters against the Russian-speaking population are not stopped, the Russian Defense Ministry reserves the right to take measures to cut short the air piracy."

Air Defense Equipment Available to Georgia

LD1609200292 Moscow ITAR-TASS World Service in Russian 1933 GMT 16 Sep 92

[By ITAR-TASS freelance correspondent Mikhail Kasoyev]

[Text] Tbilisi, 16 Sep—Jaba Ioseliani, first deputy chairman of the Georgian State Council, had a meeting today with the leadership of a Russian detached air-defense division stationed in Georgia. Georgia, he said during the conversation, has an interest in the reliable defense of its air space, but it has no modern technical equipment or professional personnel to do this.

During the talks, an agreement was reached in principle on transferring to the Georgian side some of the air-defense division's equipment and on performing military service jointly with Georgian servicemen to defend the republic's air boundaries. The division's command undertook to train national personnel.

Military Brigade To Leave Cuba by Mid-1993

LD1609214692 Moscow Radio Moscow World Service in English 2100 GMT 16 Sep 92

[Text] The Cuban Government has said that the military brigade of the former Soviet Union deployed in Cuba since 1963 will be withdrawn by the middle of next year. An official statement says that in the wake of the collapse of the Soviet Union the presence of that military unit in Cuba makes no sense. Russia and Cuba have had talks in Havana to agree that the military and their families will be moved to Russia gradually by the middle of 1993.

Kozyrev Comments on Yeltsin's Japan Visit

OW1609161392 Moscow INTERFAX in English 1540 GMT 16 Sep 92

[Report on interview with Foreign Minister Andrey Kozyrev by Vyacheslav Terekhov; place, date not given; from "Diplomatic Panorama"—following item transmitted via KYODO]

[Text] The fact that the head of Russian Federation [RF], Boris Yeltsin, has postponed his visit to Japan does not imply that he or the Russian MFA [Ministry of Foreign Affairs] is "making any concessions or looking for a compromise to national patriots", said Andrey Kozyrev in an exclusive interview to the Diplomatic Panorama correspondent. The Russian foreign minister emphasizes, "should only the Russian politicians begin making concessions to the national patriots on such a high level—count me out together with many others. It would never work with this president".

Asked about a possibility of an "intermediate" Russian-Japanese summit on the island of Okinawa, Mr. Kozyrev denied that such an option "has ever been addressed on the official level".

According to Mr. Kozyrev, such an option is not likely to be raised via the diplomatic channels. "It's just a personal opinion" of Mikhail Poltoranin (RF vice premier), the minister said noting that Mr. Poltoranin's viewpoint was merely "indicative of his active position and his interest in finding a solution to this problem". Mr. Kozyrev also admitted that he, as the Russian MFA

head, had a discussion with the vice premier in that regard but, in his words, it was just a "friendly conversation".

As regards opportunities for the Russian president to visit Japan next year, the MFA minister said, "He certainly will go there. For one thing, we cannot be reconciled with the prospects for Russia to have with Japan the same relations as the Soviet Union used to have with that Far Eastern country".

Andrey Kozyrev also revealed that the MFA officials are currently discussing new dates for the president's visit with their South Korean counterparts, admitting, however, that "no concrete date has been coordinated with the Koreans so far. We are still in the process of discussions," he added.

Kozyrev Offers To Meet Watanabe at UN Session

LD1609024692 Moscow Teleradiokompaniya Ostankino Television First Program Network in Russian 2000 GMT 14 Sep 92

[From the "Novosti" newscast]

[Text] According to the POSTFACTUM news agency, Russian Foreign Minister Andrey Kozyrev has offered to meet Japanese Foreign Minister Watanabe in New York during the UN session. According to unofficial information, Russia and Japan will probably refer to the International Court of Justice in The Hague in order to solve the territorial question. Incidentally, why not? It is known that just last Sunday Russia was not in favor of the International Court idea. Remember the interview of Gennadiy Burbulis in the Itogi program? Maybe our position has now changed. According to a Japanese radio report, Japan intends to publish the joint Russia-Japan document on the disputed territories which was to be used at the meeting of the Russian and Japanese leaders.

Spokesman Defends Japan Visit Decision

OW1609195792 Moscow INTERFAX in English 1724 GMT 16 Sep 92

[Article by Vyacheslav Kostikov, presidential press secretary: "Japanese Post Script"; prepared by Andrey Pershin, Andrey Petrovskiy, and Vladimir Shishlin, and edited by Boris Grishchenko; from "Presidential Bulletin"; first paragraph is introduction—following item transmitted via KYODO]

[Text] It is PB's [Presidential Bulletin's] new feature intended to give analysis of key events by the experts close to heads of state and government. Its trailblazer is Vyacheslav Kostikov, the press secretary of the Russian president, addressing himself to Yeltsin's stunning decision last week to suspend his visit to Japan. The secretary has titled his article written for PB accordingly:

Japanese Post Script

There was a snowball of local and international comments following the Russian president's decision to cancel his scheduled visit to Japan. Along with thorough analysis of what may have caused the move, some reports also suggest interpretations which proceed either from party or group interests or inadequate information. Other publications abound in judgments based on emotion which is easy to explain given the unusual situation and "overheating" of public opinion both in Russia and Japan.

In this connection, I would like to offer a number of considerations and observations, some of them subjective.

Undoubtedly, both the Russian Government and President Yeltsin were sincere in their attempt to try to resolve or come nearer to a solution of the long-running territorial dispute with Japan. Intensive searches were under way for a breakthrough in the protracted wrangle. Proceeding from Russia's newly-won democratic and civilised statehood and the democratic nature of his own mandate, the president was set on a solution based on law and justice.

The very existence of several options, initially eight increasing to as many as twelve and fourteen later, can in no way be explained by the extravagancy or ambiguity of Russia's position as some try to interpret it. The multiplicity of options is an indication of two things at least: one is the president's desire to widen the number of experts, individuals and government institutions to help crack the problem and the other is to take into account a broader spectrum of public opinion before final decision-making, including the views differing from his own. In the meantime, Yeltsin proceeded from an understanding that he was the president of all Russians.

On the other hand, Russia hoped that its set of options, and an invitation to flexibility and bold political imagination would evoke an adequate response from Tokyo. But none was offered. More than that, Japanese diplomacy had openly begun to display an arm-twisting policy. The inclusion of the territorial issue (no doubt, under Japan's pressure) in the final declaration by G-7 leaders at the Munich summit attended by president Yeltsin himself had also left a bitter aftertaste. It is not ruled out that it was this step by Japan violating the very principle of bilaterality in resolving the dispute between the two neighbouring countries that was a discordant note alerting the president.

Japan's firm opposition to the idea of keeping economic and political aspects apart in discussions about the disputed islands had also played a role in the evolution of the president's view. In retrospect, the president's team had worked hard to try to explain to Japanese diplomats, newsmen and politicians how important Japan's sweeping aid could be to Russia if it came at the peak of the crisis this summer. Rendered in time, promptly and with no political strings attached such aid

could have swayed public opinion in Russia towards Japan, and created a climate of confidence and human gratitude to help the president, the Russian legislature and foreign ministry overcome a certain stupor on the ground. However, Japan did not want or failed to take the hint. This in itself gave rise to doubts about Japan's preparedness to offer large-scale economic aid following a solution to the territorial dispute.

In my view, Japan had shown a one-sided approach in the intepretation of history by trying to portray itself as a plaintiff in the eyes of world public opinion. True, the Soviet Union did enter war against Japan in line with the Yalta agreements. But for one reason or other, the fact that Japan had fought on the side of the Hitler coalition in WWII is omitted. In a broader historical context, it would be wise to recall that coming first was Pearl Harbor and Japan's territorial seizures in the Asian-Pacific region, which led to a certain rethink of attitudes to Japan, also evidenced by the Yalta summit between Stalin and Roosevelt.

Japan's resentment caused by the Soviet Union in 1945 can probably be matched just as much by Japan's own suprise attack on Russia in 1904. With Russia's historic memory being just as deep as Japan's, the question of who did what in relations between the two countries in the past is just as hard to answer as that of Hamlet's to be or not to be. In the meantime, bringing historical arguments into modern diplomacy can hardly be useful. Little productive are also attempts to try to bring arguments from the archives into play. Instead, attempts must be made to bring the two nations together by overcoming mutual prejudices as a way of compromise.

Now, what lies behind the president's last minute decision to cancel the visit? The Russian president had hoped Japan would eventually ease its tough stand at the last minute. Yeltsin's statement saying he would announce his decision "on the second day of his visit" in Japan was no coincidence. There is no harm in a layman's dismissing it, but the failure by Japanese diplomats to heed it is a mistake. Reiterated on several occasions, and in public as well, the phrase contained an earnest hint that the president was prepared until the last minute to expect a reciprocal constructive move from the Japanese side. Even during the first day of the visit, he would have liked to see the reflection of his own desire for a breakthrough in the eyes of Japanese leaders before tabling one of the fourteen options he had up his sleeve, probably very favourable for Japan. However, the president's hopes were dispelled following talks in Moscow with the Japanese foreign minister, Mr. Watanabe, on the eve of the formal visit to that country.

Now, on the decision-making to postpone the visit. It was indeed taken during the Security Council meeting after hearing the views of the Russian parliament and cabinet, but by the president himself. Media reports saying that Yeltsin came under pressure from hardliners in the Council are false since there is no voting by Council members and the president can hardly find himself in the minority being the Council's key figure at that. Attempts to portray the Council as a newly-fangled politburo can be just as groundless as those to liken the UN Security Council with an international-style politburo.

Have the relations between Russia and Japan run into a deadlock or are there some grounds for optimism? Optimistic outlooks stem from fluctuations in Russian public opinion. Not long ago, Russia and the United States saw each other as adversaries. However, the U.S. Congress has now passed a law on support for freedom which is virtually a law on support for democratic Russia. There is no reason to prevent such a swift and radical change in attitudes from taking place in the minds of Japanese and Russians.

But any forecast must also take into account that the president's efforts are now being aimed at building up national solidarity based on the concept of Russia as a strong power. As this idea gains further ground, Russia's national strategy would be determined exclusively by its own interests rather than ideologies or one-off economic considerations.

Ministry Rejects Japan Claims on Shikotan Lease

LD1709113992 Moscow ITAR-TASS World Service in Russian 0952 GMT 17 Sep 92

[By ITAR-TASS diplomatic correspondent Boris Krivoshey]

[Text] Moscow, 17 Sep—"Japan's claims regarding the use of the South Kuril Islands cannot be accepted, since the islands are presently under the Russian Federation's sovereignty." A senior official from the Russian Foreign Affairs Ministry made such a statement to an ITAR-TASS correspondent today in connection with reports saying that the Japanese Government has lodged a protest to Moscow concerning the agreement concluded between the South Kuril Executive Committee and a Hong Kong company on leasing an area on Shikotan Island to the company.

The Russian diplomat clarified that the Japanese side has not sent a protest but a statement to the effect that it could not agree to the South Kuril Executive Committee concluding contracts of that kind regarding Shikotan, since the island is part of the "Northern Territories" which, in Japan's interpretation, has always been Japanese terriories. The Japanese Foreign Affairs Ministry expresses the hope that the Russian leadership will somehow influence the Sakhalin authorities to make them refrain from carrying out the contract. The official from the Russian foreign political department notes that the Sakhalin authorities did not consult the Russian Foreign Ministry on concluding the contract.

Kozyrev Assesses Role, Objectives in UN

OW1609172792 Moscow INTERFAX in English 1542 GMT 16 Sep 92

[First part of interview with Foreign Minister Andrey Kozyrev by Vyacheslav Terekhov; place, date not given; from "Diplomatic Panorama"—following item transmitted via KYODO]

[Text] On the eve of his departure for New York, where he'll attend the upcoming U.N. General Assembly session, the Foreign Minister of the Russian Federation Andrey Kozyrev gave an exclusive interview to DP's [Diplomatic Panorama's] correspondent Vyacheslav Terekhov. The head of Russian diplomacy outlined Russia's stand in the international organization. He spoke about the possibility and need to reorganize the U.N. and prospects for Russia's cooperation with representatives of other CIS countries in the U.N.

DP: Russia is successor to the former USSR. The Soviet Union enjoyed certain prestige at the U.N. Now Russia replaced it. Have attitudes to Russia changed?

KOZYREV: The main thing has changed, indeed. The Soviet Union was essentially in confrontation with the U.N., since totalitarianism is imcompatible with U.N. ideals. The new thinking introduced by M. Gorbachev signified movement toward U.N. ideals, but with reservations, half-way measures and loyalty to the socialist option.

Actually this involved rapprochement, but between the opposite systems. Now our policy is to go over to the other side. We want Russia to be on the side of the U.N. We want to be directly on the side of democracy, human rights, open policy, etc., not develop rapprochement between two opposites. This is where the difference lies.

This is expressed in concrete things. For instance, the USSR did not oppose the efforts to punish the Iraqi aggressor, but resorted to different maneuvers designed to weaken the blow. As for Russia, it doesn't simply refrain from opposing such efforts, it works together with the permanent members of the U.N. Security Council to carry out this policy, since we believe that this is no concession to someone, that it's in our own interests to help the United Nations act against the aggressor.

The same relates to Yugoslavia. The joint initiative of Russia and other permanent Security Council members, above all the three Western states, to build up forces to escort humanitarian convoys began to be materialized. Our battalion has been stationed in Yugoslavia, and so on. This is the essence of the changes.

The same relates to human rights. The issue of human rights is not an internal affair. Therefore U.N. missions should be dispatched to monitor their observance. The United Nations must interfere in internal affairs. This relates to Russia and to any other country. In this area Russia has taken an absolutely principled stand which is not subject to ideological shifts.

The Soviet Union always supported Cuba. This year at the human rights commission we voted for the first time without playing up to Cuba; we didn't take an anti-Cuban stand either. We simply voted for the observance of human rights everywhere.

DP: There are different proposals to reorganize the U.N. To what extent are they practicable?

KOZYREV: Such proposals are ripe. When Butrus-Ghali came to lead the U.N., it was generally believed that one of his tasks will be reorganization. This idea was expressed in his report on a new agenda for the world. This is our own idea to a great extent. It was voiced when President Boris Yeltsin was in New York.

To develop these fundamental ideas I addressed a letter to the U.N. Secretary General in February or March. My letter described in detail how to make this work more effective.

It's time to accomplish this task, because the U.N. is immersed in bureaucracy. There is a lack of coordination between its agencies, on the one hand, while some of them duplicate each other, on the other. For instance, debates in the ECOSOC (Economic and Social Council, an independent U.N. body) duplicate in many respects the debates to be held at the 2nd economic committee and partly in the 3rd committee on social issues with an interval of 2 or 3 months. There is no logic in this, considering that each hour of work at the U.N. costs a lot of money. Some of the problems can be resolved easily, while others require serious discussions involving professionals.

Therefore we give full support to the idea of reformation, because it is indispensable.

There is another task: democratize societies and international relations. In our view, to democratize societies means to democratize international relations. If societies get democratized, international relations will be stabler, because, as a rule, democracies don't fight with one another. They might fight with an aggressor, but not with each other, though there might be rare exceptions, or maybe not. Democracy within society denies violence and opposes it.

Many countries, particularly developing ones, say that they represent a majority at the U.N., and understand democratization as reflecting the will of the majority. According to them, all issues can be resolved by simple voting. A great problem lies here, because there is the Security Council, a working body with certain prerogatives. No U.N. body, except the Security Council, has the right to sanction the use of force. If such matters are decided by a simple majority of votes at the General Assembly, this might create great difficulties. Therefore we believe that there cannot be direct analogy here.

All the countries are equal in legal terms, though in practical terms there is a difference between Russia with its population of 170 million people and tiny island

nations in the Pacific, an objective difference. This doesn't mean however that we do not have enough respect for such island nations as sovereign states; nevertheless their real weight in politics is different after all.

We support the call for enabling the voice of other countries to sound louder, particularly now that the world is becoming multipolar.

No monopolies should emerge, such as Pax Americana or Pax Russicana. We have no imperial ambitions, but we negate the monopoly of another power, even that of friendly America, too.

Eurocentrists in Western Europe say that Pax Europa is beginning. In Asia they say that Pax Asiatica is in the offing. If a claim to monopoly in international affairs is behind all this, we negate it altogether.

The U.N. should reflect the interests of all countries. This is the essence of democratization, since earlier the U.N. was constrained to a considerable extent by the ice of the "cold war". There were three blocs: western, socialist and the so-called nonaligned movement. All these blocs have actually disintegrated.

Therefore the U.N. must undergo certain transformation which would enable it to reflect a multipolar world. This is a great task requiring a lot of work.

I think that the upcoming session will mirror these debates.

The rest of DP's interview with Russia's Foreign Minister in which he expresses his outlook on cooperation with CIS countries in the framework of the U.N. will be published in the next edition of DP.

Russia Asks G-7 To Defer Short-Term Debt

OW1609095192 Tokyo KYODO in English 0940 GMT 16 Sep 92

[Text] Tokyo, Sept. 16 KYODO—Russia is asking the Group of Seven (G-7) industrial nations to reschedule its short-term debt in addition to its longer-term obligations, an international finance source said Wednesday [16 September].

The G-7 has agreed in principle to grant Russia a deferral of some 10 years on repaying its medium- and long-term official debt worth some 33 billion dollars, but has yet to reach agreement on its debt due within a year, the source said.

The United States wants to allow Russia to reschedule its short- term debt, but Japan and Germany are opposed, leaving the issue open to a meeting of top G-7 finance officials in Washington this weekend, the source said.

The United States proposed a deal to reschedule the Russian short-term debt at a meeting of the informal Paris Club of government creditors in Paris on Monday and Tuesday, but Germany strongly rejected it, the source said.

The United States is expected to press Japan and Germany on the matter at the coming G-7 meeting because Washington wants the rescheduling in order to help Russian President Boris Yeltsin, the source said.

G-7 finance ministers and central bank governors are expected to invite Russian officials to their Washington meeting slated for Saturday, the source said.

The Russian delegation will be headed by Deputy Prime Minister Aleksandr Shokhin and Viktor Gerashchenko, head of the Russian central bank, the source said.

The G-7 groups Japan, the United States, Germany, Britain, France, Italy, and Canada.

Romania Says General's Statement May Harm Ties

LD1609121492 Moscow ITAR-TASS World Service in Russian 1035 GMT 16 Sep 92

[By ITAR-TASS correspondent Dmitriy Dyakov]

[Text] Bucharest, 16 Sep—Statements by Aleksandr Lebed, commander of the 14th Army, may seriously harm Romanian-Russian relations. This was declared today at a news conference by Trayan Kebeleu, official spokesman of the Romanian Foreign Affairs Ministry. He stressed that a statement made by the general in a television program on "Ostankino" channel on 14 September, to the effect that "the Romanian flag is the flag of Antonescu and Romanian fascists," is irresponsible and insulting to Romania.

T. Kebeleu said that this morning Adrian Nastase, head of the country's external policy department, invited the Russian ambassador in Romania and demanded that he "verify the information from Moscow." According to Nastase, the Romanian Foreign Affairs Ministry expects the Russian Government will officially "reprimand" the general, who "cannot be considered a private individual," and "who continues to conduct a campaign aimed at discrediting Romania and the Republic of Moldova, despite warnings from the Russian Defense Ministry".

The Foreign Ministry spokesman also stated that Romania is alarmed at the information from Moldova that the Tiraspol leaders are "using the presence of the peacekeeping forces in the region in order to consolidate illegal power structures." Though the question of the Dniester region's political status has not been raised of late, its leaders, in Mr. Kebeleu's view, are attempting to "impede the process of a political settlement to the conflict," and also obstruct in every possible way the issue of defining the 14th Army status and the schedule of the withdrawal of its subunits from Moldovan territory.

Kebeleu underscored that at a session of the CSCE Senior Officials' Committee, which commenced in Prague today, the Romanian delegation would speak up for a greater involvement of the CSCE levers and structures in resoving the Dniester region conflict.

IZVESTIYA Perspective on Bush, Clinton

PM1609204692 Moscow IZVESTIYA in Russian 17 Sep 92 Morning Edition p 5

[Article by Sergey Dardykin of the WE/MY Washington bureau, reprinted from issue No. 14 of Russian/English newspaper WE/MY: "Bush or Clinton: Who Is Better for Russia?"]

[Text] While Americans are deciding, for themselves and for the country as a whole, which of the contenders for four years in the White House deserves more trust as a world leader, as a maker of foreign policy, as commander in chief, and more trust in general (the incumbent President George Bush is in the lead on these indicators in polls of voters), while they try to guess who will be able to save the economy from recession and inspire hope among the unemployed and confidence among those who work for a living (here Bill Clinton, governor of Arkansas, has the edge on the whole), citizens of Russia may be interested in a very different, purely pragmatic question.

For them, far removed from America's election battles and busy trying to survive in their own country, the question is formulated, in simplified terms, thus: Which of the two is preferable for Russia?

If the Soviet Union were still alive and strategic parity in a bipolar world still existed, the old patterns would still serve. For instance, the most paradoxical of all: Improvements in Soviet-U.S. relations always took place under Republican presidents. That is how it turned out historically, and in the last decade or two it was reinforced by ideological factors of an internal American nature.

Democrat Harry Truman—as if trying to make amends for the blunders of his predecessor the Democrat Franklin Roosevelt, who yielded half of Europe to the "democrat" Stalin—started the cold war.

Republican Dwight Eisenhower sought paths to dialogue with Khrushchev.

Democrat John Kennedy all but unleashed World War III with Khrushchev in the course of the Caribbean crisis, which gave a boost to the nuclear race.

Democrat Lyndon Johnson did not take a single step toward rapprochement with Moscow.

Republican Richard Nixon started the first Soviet-U.S. detente.

Republican Gerald Ford continued it, as well as the arms control talks.

Democrat Jimmy Carter buried detente, showing frankly "Republican" firmness in response to Afghanistan on the eve of the elections, freezing the talks process, and casting the shadow of boycott over the triumph of the Moscow Olympics.

Republican Ronald Reagan, despite Afghanistan, started talks with Gorbachev.

You could argue about the formulas used in this list, you could add a mass of reservations and water it down with commentaries, but these are the facts: The Soviet Union had better relations with Republican presidents.

And it can be confidently assumed that for the next four years present-day Russia would prefer the Republican Bush to the Democrat Clinton.

In the economy and domestic policy, the present President has virtually no chance of being well remembered. Thus far he has to his name the longest recession in postwar history, the victims of Los Angeles, and the government's helplessness in overcoming the aftermath of hurricane Andrew.

A year ago it seemed that after the victory in the Persian Gulf the drums would sound eternally for Bush. But since then, the "Desert Storm" glory has faded. It has faded so far that his opponents are asking: Was it really a victory, when Saddam Husayn holds sway as if nothing had happened and leads the UN inspectors by the nose, while American ships are still patrolling the Persian Gulf? Things have gone as far as open accusations that Bush himself, before Iraq's invasion of Kuwait, was helping to strengthen Saddam, to spite Iran.

One thing is left—the collapse of communism. You can argue about the degree of Bush's involvement (and America's in general) in what happened in Eastern Europe and the Soviet Union. At the Republican convention in Houston he spoke mainly about his own achievements. According to him, these outweigh and will in future make up for all the shortcomings in domestic policy. But what about Gorbachev, Yeltsin, Havel, Walesa... the press was quick to retort, didn't they play a part? But whatever the newspapers and his rivals may say, there is one thing that nobody can dispute: Dramatic changes took place in the world in Bush's time, during his presidency. And if these changes prove to be irreversible, then the present U.S. President is presumably assured of an outstanding place in history.

Bill Clinton, conversely, will start—if he starts—with a clean slate. And in four years' time he can expect to retake the examination in the main subject—economics. Under Clinton, who is focused on domestic problems and for whom foreign policy is a new field, Russia will have more chance of becoming just one of the world's countries lorded over by America.

But under Bush Russia can still expect to remain one of the priorities in U.S. policy. It is in his interests, for the time being, to maintain the image of Russia as an equal partner and still a superpower. Otherwise, if its transformation takes place without his, Bush's, constant participation, then the President's achievements might be forgotten, just as the Persian Gulf was quickly forgotten.

Drastic turnabouts in policy, speedy decisions staking everything—that is not George Bush's style at all. His natural element is a wait-and-see approach, which his rivals represent as a lack of resolve, and his supporters as a guarantee of stability.

But let us remember too that this same wait-and-see attitude saved us from an inevitable crisis in relations between Washington and Moscow after last year's bloodshed in Vilnius. If, at that time, the White House had rushed into making a fuss, into sanctions, then most likely the forces of confrontation in the Soviet Union and the United States would have won the day, and the democrats and the Balts themselves would ultimately have been the losers.

Therefore it can be assumed that if it maintains its general course toward the market and reforms, Russia is hardly likely to lose U.S. support under President Bush, even if along this path it hesitates, halts, or even takes a few steps backward. As long as Russia keeps advancing toward the point where missile parity becomes a thing of the past not only in the text of a treaty, but in practice, which will mean that the United States holds unconditional sole leadership. By that time, in 1996, George Bush's second term as president will be nearing its end, if the Americans reelect him this time round.

Then, no doubt, Russia's new place in U.S. policy will finally stop being dependent on the identity of the president, and will depend on itself alone. But that could take place much sooner if Bill Clinton wins the elections in November.

Yeltsin-Landsbergis Summit Raises Questions

MK1609124492 Moscow NEZAVISIMAYA GAZETA in Russian 16 Sep 92 p 1

[Report by Tamara Nikolayeva under the "Talks" rubric: "Lithuania-Russia: At Present the Cart Is Before the Horse. But Even That Is an Achievement"]

[Text] Evidently a veil of mystery, especially one that is not quite impenetrable, lends a certain attraction to politics, even in the eyes of those who are more concerned today with the imminent winter and obtaining bread than with the search for political solutions. It was no coincidence that on the eve of Vytautas Landsbergis's meeting with Boris Yeltsin journalists were interested in just what accords it had actually been possible to reach during the preparatory work. And if it had not been for a certain talkative person from the Russian Foreign Ministry, the date 1993 (the year when the withdrawal of Russian troops from Lithuania is to be concluded) would scarcely have become known in advance, because the Lithuanian side keeps secrets intact. "During my meeting with Mr. Yeltsin," Vytautas Landsbergis said at a news conference in Vilnius, "we exchanged opinions on a political treaty on the withdrawal of the troops. During our conversation Yeltsin pointed out some aspects that were unacceptable to him or had been insufficiently coordinated. We tried to discuss one or two things, but we did not have much time, and we agreed that the document in question would be improved upon before our next meeting in Moscow." However, when the journalists asked Landsbergis what defects and differences specifically hindered the signing of the political treaty, the Lithuanian leader merely joked in reply. This mysteriousness naturally set minds working again. The journalists recalled the interview given by Vytautas Landsbergis to a BALTIC NEWS SERVICE correspondent a few hours before the meeting, and they assumed that Yeltsin had refused to sign the treaty in response to a statement made by Landsbergis during the interview in which he said that "unknown forces in the Russian Defense Ministry are trying to hinder the accords." Here in Lithuania everyone knows that Pavel Grachev did not immediately find the time to meet with his Lithuanian colleague, National Defense Minister Audrius Butkevicius. And in his first speech at the Lithuanian Supreme Soviet session, which resumed its work 10 September, Vytautas Landsbergis deemed it necessary to remark that it was only direct links with Gennadiy Burbulis and Russian Deputy Foreign Minister Vitaliy Churkin, who came to the Lithuanian mission, that helped resolve many of the problems the Lithuanian side encountered in Moscow. Apparently it was only thanks to these representatives of the Russian leadership that documents supplementing the political treaty—obviously very important in the normalization of bilateral relations—were signed, that is, the agreement on the schedule for the withdrawal of the Russian Army from Lithuania, the protocol on the procedure for resolving organizational and technical questions involved in the withdrawal of the armed forces, and the treaty on the conduct of servicemen and units of Russian troops until the time of their withdrawal. At long last, these documents state quite specifically that the conclusion of the withdrawal of the Russian troops is scheduled for 31 August 1993, that the 107th Division, which is stationed in Vilnius's Northern Barracks [Severnyy gorodok] will be withdrawn first, and that there will not be a single Russian soldier left in the Lithuanian capital by November of this year. As we know, the Lithuanian side had long been seeking the priority withdrawal of Russian servicemen from Vilnius. Vytautas Landsbergis assesses the signed documents as a shared success for Lithuanian and Russian democratic forces, a big step toward the normalization of relations between the two countries and toward cooperation, and also as the turning point of the talks. As we know, Lithuania had long been seeking the signing of a precise schedule for the withdrawal of the Russian servicemen. It is important that at the same time it proved possible to find a compromise solution. But Vytautas Landsbergis laid the blunders made in Moscow on the day of the leaders' meeting at the door of the Russian group involved in the talks, since, according to him, all the documents had been prepared in advance and all the contentious aspects had been agreed. However, while rejoicing that even the most uncompromising can reach compromises if they want to, it would be good to know how significant were the defects and differences that made the politicians place the cart before the horse.

However you look at it, this is probably the only way you can graphically describe the signing of essentially technical documents (without at all belittling their significance) before the conclusion of the political treaty. The question of compensation for the damage caused during the entire period of the former Soviet troops' presence on Lithuanian territory, assessed at no less than 150 billion rubles, remains open. Vytautas Landsbergis said at the news conference that the question of giving Lithuania part of the Russian military property and weapons by way of compensation is now under discussion but remains open for the moment. Evidently Lithuania's participation in the construction of housing for the servicemen being withdrawn and their families will also be mentioned. An agreement has just been reached on the construction of apartment blocks for Russian servicemen in Kaliningrad in exchange for Baltic Fleet warships.

All in all, some questions still remain, and they will evidently be discussed 1-2 October at the next Moscow meeting between Yeltsin and Landsbergis.

Parliament Affirms Importance of PRC Relations

LD1709032592 Moscow ITAR-TASS in English 1805 GMT 15 Sep 92

[By ITAR-TASS correspondent]

[Text] Moscow September 15 TASS—The Russian parliament clearly understands the Russian-Chinese relations are an important factor of international stability. Russia and China have long had warm and friendly relations, Deputy Russian Supreme Soviet Chairman Yuriy Voronin told a Chinese parliamentary delegation here on Tuesday [15 September].

In his turn, Fu Hao, Chinese delegation head, member of the Chinese parliament's standing committee and deputy head of the Chinese parliament's commission on foreign affairs, called attention to the strategic significance of the two states and their weight on the international arena, the Russian parliament's press center reports. Bilateral cooperation has great potential abilities, primarily that in the light, food and defence industries and agriculture, said the Chinese guest.

The press center report drew attention to the fact this is the second visit of Chinese parliament members to the Russian supreme Soviet Over the past month. In October a high-ranking Russian parliament delegation will make a return visit to China. A Chinese visit of Russian President Boris Yeltsin is scheduled for December.

All this, in the opinion of the Russian parliament's press center, give grounds to say "the Russian-Chinese relations are on the rise and this is a considerable gain of the two countries' parliamentarians".

Indian Defense Minister Hails Russian Visit

LD1609112192 Moscow ITAR-TASS in English 1054 GMT 14 Sep 92

[By ITAR-TASS correspondent Sergey Karmalito]

[Text] New Delhi September 14 TASS—India's minister of defense, Sharad Pawar, hailed his visit to Moscow last week as extremely successful. Upon his return to New Delhi, Pawar met with Indian Prime Minister P.V. Narasimha Rao on Sunday [13 September] to discuss the results of his meetings with the Russian Government to forge military technical cooperation between the two countries.

Pawar presented a document prepared by the Russians outlining defense-related cooperation between Russia and India, which should be finalized ahead of Russian President Boris Yeltsin's official visit to India in January.

PRC Consulate General Opens in Khabarovsk

OW1609122192 Vladivostok Radio Vladivostok Network in Russian 0715 GMT 16 Sep 92

[From the "Pacific Ocean" program]

[Text] A red star-spangled flag was raised above one of the buildings on the shore of Amur in Khabarovsk. The Consulate General of the People's Republic of China has opened here.

(Liu Shin), consul general of the PRC, said during the inauguration of the consulate: Apart from carrying out purely diplomatic functions, our main goal is to facilitate developments in economy, scientific and technical exchange, foreign trade, and culture.

Indian Consulate General Opens in Vladivostok

OW1609121292 Vladivostok Radio Vladivostok Network in Russian 0715 GMT 15 Sep 92

[From the "Pacific Ocean" program]

[Text] The Indian Consulate General has opened in Vladivostok. Vishnu Prakash, Indian consul general in Vladivostok, announced that the Far East is seen by the Indian business circles as a very promising region for the development of trade and economic relations and the strengthening of long-term ties with Russia.

Government Approves ROK Consulate in Vladivostok

OW1609141792 Moscow INTERFAX in English 1317 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] On Wednesday [16 September], the Russian government gave its go-ahead for the establishment of the South Korean consulate-general in Vladivostok. The

consular district will encompass Sakha (Yakutia), Buryatia, the Amursk, Sakhalin, Kamchatka, Chita, Irkutsk and Magadan regions, the Maritime and Khabarovsk territories, the Jewish Autonomous Region and four autonomous districts. The Russian Foreign Ministry has been instructed to issue corresponding documents "reserving for Russia the right to open its consular mission in the Republic of Korea".

The Russian government has resolved to simplify the passage of cargo across the Russian-Finnish border.

Political & Agricultural Issues

Yeltsin, Rutskoy Discuss Agricultural Performance

OW1609134992 Moscow INTERFAX in English 1318 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] At their meeting in the Kremlin today Russian President Boris Yeltsin and Vice-President Aleksandr Rutskoy discussed some aspects of Rutskoy's current work, mainly his measures to improve the performance of the agroindustrial sector. They also spoke about how the agrarian reforms are being carried in Russia.

According to trustworthy sources, the two leaders did not discuss the strike movement in agriculture.

Farmers Protest for Change in Agrarian Policy

LD1709082692 Moscow ITAR-TASS in English 1837 GMT 15 Sep 92

[By ITAR-TASS correspondent]

[Text] Moscow September 15 TASS—Farmers picketed the Russian Government building in Moscow for 90 minutes on Tuesday [15 September]. The action was the central event of an all-Russia day of farmers' protest.

This move is yet another attempt by the "Coordinating Council of Collective Action of the Workers of the Agro-Industrial Sector"—set up at the beginning of June on the initiative of the Agrarian Union and the sectoral trade union—to get the cabinet headed by Yegor Gaydar to launch a dialogue.

Farmers' similar action in August did not produce the desired result but showed their unity and determination to press ahead.

The farmers' main demands remain unchanged: The government should efficiently and undeviatingly implement the resolutions of the second and subsequent Congresses of People's Deputies to assign not less than 15 per cent of the national income for the development of the agro-industrial sector and again bring up this proposal for discussion in parliament Mikhail Lapshin, director of the Coordinating Council and a people's deputy of Russia, told ITAR- TASS.

The trade union also presses for the repayment of the state debt to rural producers for the past previous years and the introduction of easy-term taxation and lending in the countryside.

If the government does not sit down at the negotiating table soon, the Coordinating Council will call on the farmers to move from a verbal protest to collective strike actions, pressing for a change of the agrarian policy.

Picket organisers' report has it that the action involved representatives from 54 regions of Russia. The law and order enforcement personnel of the capital estimated the number of picketers at about 2,000.

Farmers in other cities of Russia also resorted to picketing on Tuesday.

Russian Agriculture Minister Viktor Khylstun evaded contacts with picketers.

Peasant Leaders To Demand Government Resignation

OW1609224092 Moscow INTERFAX in English 1641 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] Commenting on results of the September 15 "Day of Peasants' Protest" at a press conference Wednesday [16 September] Chairman of the Agroindustrial Complex Workers' Coordinating Council Mikhail Lapshin said that having avoided a dialog with peasants, the Russian government forces them to resort to "less civilized" methods of struggle. He made clear that in order to have their demands met, peasants can in future use strikes and food blockade on cities. They also intend to demand resignation of the present Cabinet, i.e. to pass from purely economic demands to political ones.

Mikhail Lapshin noted that in Tuesday's picket in front of the government building in Moscow over 4,000 people took part from 60 regions of Russia. However, the government "shut the doors before peasants". In these conditions the Coordinating Council does not see any way out, but to put on the agenda of the Russian Supreme Council the question about the situation in the agrarian sector and the government's resignation.

Among the main demands set by the peasants are establishing equivalent prices on industrial and agricultural produce, lifting the VAT [value-added tax] on food products, and allocating 15% of the country's national income for the needs of the agrarian sector.

Hearing on State Emergency Committee Set for Dec

LD1709134992 Moscow ITAR-TASS in English 1232 GMT 17 Sep 92

[Text] Moscow September 17 TASS—The Russian Procurator's Office plans to send the case on the abortive August coup to court in December 1992, Yevgeniy Lisov, Russian deputy procurator-general, said in an interview with Moscow's KURANTY newspaper on Thursday [17 September].

Lisov heads the group investigating the case on the State Emergency Committee. According to the newspaper, Lisov's statement means that proceedings will begin "not earlier than the spring or summer of 1993".

Lisov also noted that the investigation into the circumstances of the last year's putsch was completed eight months ago and took only four and a half months.

According to the deputy procurator-general, it was recently resumed for a short period "on the insistence of the accused who demanded that their urgent applications be examined".

Lisov denied that the arraignment of the accused who are now incarcerated in a Moscow prison, was changed during this period.

Vice-President Gennadiy Yanayev, USSR Parliament Speaker Anatoliy Lukyanov, KGB Chief Vladimir Kryuchkov, Defence Minister Dmitriy Yazov and other Soviet top statesmen were initially accused of state treason. However, the accusation was changed for another one last November: A plot to seize power.

According to Lisov, there was no change in the articles of accusation but "only qualifications were specified". Lisov explained this move by the fact that "the former accusation was couched in accordance with the USSR's laws, and it was necessary "to bring the accusation in line with Russian legislation".

The head of the investigative group claimed that the press recently launched a campaign aimed at persuading the public that the accused are innocent. Lisov stated that these publications have nearly completely distorted the truth.

To familiarise the public with true-to-life events, Lisov stressed, Procurator-General Valentin Stepankov and he decided to publish a well-documented book describing "the procurator's version" of the August developments.

Lisov claimed that he and his chief did not divulge any secret of investigation, since "all the facts have been already made public, although not always correctly". He also denied that the book's publication, chapters from which the OGONYOK weekly began to print, violates the presumption of innocence.

Without calling the Russian president by name anywhere, Lisov, in fact, refuted his statement at a recent news conference where the president levelled a charge against one of the accused—the former commander of land forces, General Varennikov,—that the general called Moscow from the office of Leonid Kravchuk in Kiev and asked why Boris Yeltsin was not shot down.

Lisov called this statement "not quite correct".

Ministry of Trade, Resources To Be Abolished

OW1609135692 Moscow INTERFAX in English 1318 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] Russia's Minister of Trade and Material Resources Stanislav Anisimov said that his ministry will be eliminated October 1, 1992, by decision of the Russian Government, and reorganized into the federal contract corporation and joint-stock company Roskontrakt which will extend consulting, marketing and mediatory services. The newly-born market is experiencing a dire shortage of such companies.

Deputy Chief of Government Apparatus Dismissed

PM1409095592 Moscow ROSSIYSKAYA GAZETA in Russian 10 Sep 92 First Edition p 1

[Unattributed "Chronicle" report]

[Text] Russian Federation Presidential Decree No. 1053 rescinds Russian Federation Presidential Decree No. 794 of 20 July 1992 "On the Chairman of the Russian Federation State Committee for Antimonopoly Policy and Support of New Economic Structures" for not corresponding to the Sixth Congress of Russian Federation People's Deputies' 21 April 1992 resolution "On the Chairman of the Russian Federation State Committee for Antimonopoly Policy and Support of New Economic Structures."

Mikhail Kuzmich Yunov has been relieved of his duties as deputy leader of the Russian Federation Government apparatus for a one-shot blatant violation of the official duties incumbent on him under Paragraph 1, Article 254 of the RSFSR Labor Law Code.

A Russian Federation presidential decree has appointed Leonid Arnoldovich Bochin acting chairman of the Russian Federation State Committee for Antimonopoly Policy and Support of New Economic Structures.

Gaydar Returns to Moscow After Regional Tour

Disappoints Deputies; Fends Off Criticism

PM1509202192 Moscow PRAVDA in Russian 16 Sep 92 p 1

[Report by Yuriy Smulskiy: "Gaydar Will Not Remain Idle"]

[Text] Novgorod—Yegor Gaydar, acting chairman of the Russian Government, was nimble-footed. He touched down in Novgorod in the afternoon, within a few hours he had managed to "take in" two large enterprises, hold conferences in directors' offices, eat a hearty meal at one of them, settle the future of a military airfield on whose territory it is planned to build an international airport, familiarize himself with the city, and attend and address a session of the oblast soviet.

"Who does he think he is?" the people standing alongside me shouted, unable to contain themselves as Yegor Timurovich marched "unfalteringly" through the crowd surrounded by men from the special purpose militia detachment and grinned broadly at the banners which read: "Watch out, there's a thief about!" and "We need real reforms, not the deception of the people"...

They had been waiting impatiently for the arrival of the eminent guest in the ancient city on the Volkhov. Their impatience had been intensified primarily by the fact that a few months ago the local deputies postponed the

examination of the course of the economic reform in Novgorod Oblast, a sore point for the region. They decided to invite government representatives and in their presence discuss and outline ways to overcome the crisis besetting industry, the countryside, and the social sphere.

Unfortunately, the discussion did not take place. Ways to overcome the crisis were not outlined.

Despite Ye. Gaydar's concise and vigorous speech, the session ended in confusion.

"I do not know what I shall say to the voters tomorrow when I return home," V.I. Kveysis, director of the Okulovskiy radio equipment plant, exclaimed when deputies turned to the session's draft decision, "we have not decided anything. I do not know why we are here."

Unfortunately he, like the other indignant deputies, received no answer from Yegor Gaydar, from the head of the administration, or from the oblast soviet chairman. They were no longer in the hall.

Here is an extract from Yegor Gaydar's interview for your PRAVDA correspondent.

[Smulskiy] Yegor Timurovich, recently there was a snap opinion poll among Novgorod residents. Over 50 percent of them are tired of waiting for things to improve. What does the government think about this?

[Gaydar] I have the feeling that if that poll had been conducted in January the figures would have been very nearly the same.

[Smulskiy] What is impeding the reforms that you are carrying out?

[Gaydar] The politicking and hysteria above all.

[Smulskiy] But they say that the government's mistakes outnumber its successes.

[Gaydar] I do not know of a single democratic country where the opposition would say that the government is getting it right.

[Smulskiy] The opposition means the "Civic Union" Volskiy, Rutskoy, and Travkin...

[Gaydar] "Civic Union"? I see it as an inevitable part of our political horizon. Bold statements? In my opinion, you do not need to be bold to make scathing statements now.

[Smulskiy] Did the Cheboksary conference play a peacemaking role in the confrontation between the executive and the representative power?

[Gaydar] The various participants thought up all manner of things. Some thought of organizing a riot, some more hysteria, a confrontation, a free-for-all. Some thought of suggesting constructive work.

[Smulskiy] Yegor Timurovich, what will you do if Yeltsin fires you?

[Gaydar] If Yeltsin fires me, I will do something else.

Visits Converted Military Plant in Tula

LD1609154792 Moscow ITAR-TASS in English 1245 GMT 16 Sep 92

[By ITAR-TASS correspondent Valeriy Rudenko]

[Text] Tula September 16 TASS—Russia's acting head of government Yegor Gaydar, who arrived here today, has given a positive appraisal of the course of economic reforms in Russia and in Tula region, in particular, during a meeting with the chiefs of the local administrations, directors of leading industrial enterprises and the agro-industrial sector, and entrepreneurs.

In response to questions from representatives of the military- industrial complex, Gaydar emphasised that the state does not intend to give up a strict control over the export of weapons and armaments. At the same time enterprises's participation in this trade will gain in scope, he said.

"We have no rapid expansion of the export of arms," Gaydar said. "However, considering the problems of defence industry conversion, we intend somewhat to increase the scope of the export of military products," he added.

Speaking about the forthcoming work concerning the issue and utilisation of privatisation vouchers, Gaydar said that local government bodies will be granted the right to use vouchers with regard to municipal property.

Gaydar visited the former cartridge making plant Shtamp which has been fully converted to civilian production. The acting head of government highly appreciated the work of the personnel towards an in-depth conversion, emphasising that the plant succeeded in retaining a high production potential under difficult conditions of radical reorganisation and in re-orienting itself towards the manufacture of oil production equipment which was in short supply.

While in Tula Gaydar is also to visit the suburban agrofirm Sazhenets (seedling) which was one of the first in Russia to change over to new forms of ownership.

Reviews Economic Achievements

LD1609155592 Moscow Radio Rossii Network in Russian 1213 GMT 16 Sep 92

[Report on speech by Yegor Gaydar, acting prime minister, in the Tula Oblast administration offices on 16 September]

[Text] [Begin Gaydar recording] Esteemed comrades: The situation that has taken shape in the national economy to date is rather complicated. The drop in production—which until this May was proceeding at

about the same rate as in 1991—accelerated substantially in June and especially in July. This acceleration continued in August. New factors had an effect—unconventional factors connected with inadequacies in supplies of materiel and equipment, the disruption of economic links, and a new group of factors connected with the absence of effective demand and difficulties in marketing output.

The natural reaction was to order mandatory vacations, which aggravated employment problems. Until the end of August we managed to reduce the rate of price increases fairly consistently, as well as the rate of inflation. It increased sharply in January and February. The extremely tough financial policy in the first months enabled us to steadily reduce the rate of price increases, by July bringing it down to 7.1 percent per month in retail prices, as compared to 238 percent in January.

In the period from the end of June, the weekly rate of retail price increases was maintained practically stable at a level between 1 and 2 percent per week, or about 1.5 percent. Considering the situation which has taken shape, that is not bad at all.

There was an abrupt and excessive decrease in the amount of money in circulation in January. There was a discrepancy between the new level of prices and the new volume of money stocks at enterprises. This discrepancy did in fact appear; the amount of the money in circulation in the GNP dropped from 80 percent last December to somewhere around 20 percent in February. This gave us a certain amount of room to maneuver, to implement certain steps to soften, as it were, credit and money policy, at the same time avoiding a quick acceleration in retail and wholesale price increases.

We found it possible to earmark extra credits in the month of April, to allocate credits to major enterprises for their cash flow, to speed up the increase in the population's nominal cash income, to afford a considerable increment in the state budget deficit between April and August, and so on.

Unfortunately, it became clear at the end of August that this room to maneuver was completely exhausted. Prices started rising quickly again at the end of August, and this has continued in early September. Once favorable dynamics in the currency exchange rate were reversed; the ruble is being devalued again. This shows once again that the possibilities for retreat have been used up; we have to reconsolidate our financial and credit policy. Further along, all attempts to retreat will, plain and simple, destroy the credit and financial system and the national currency instead of revitalizing industrial production.

Even taking into account the present tangible predicament, however, I believe that we have managed to take major quality leaps in running the national economy. In a sense, we have moved to a fundamentally different economic system, although awkwardly, inefficiently, and incompletely. Last year we lived in what one would call a limited resources economic regime, when getting access to resources, obtaining stocks and ceilings, and getting orders from ministries were priorities for an enterprise. After that they bartered with the supplier to exchange goods. Nobody gave a thought to sales, to money—the main thing. The catch phrase was: We do not need money, we need resources. This is an economy with no future, an economy that cannot perform. It is corrupted; it falls apart as soon as the political structure supporting it falls apart.

This year, whether for better or worse, it is still extremely ineffective. It still lacks the appropriate instruments of property and the appropriate market institutions. Nevertheless today we have come to a principally different situation; the most important thing for an enterprise is—this is the same worry which concerns enterprises throughout the world—namely the sale of products: How to find the market, how to advertise the product, how to analyze the solvency of consumers and find them. If you do all this, then it is very easy to resolve all the other problems.

If it used to be necessary to spend a long time torturing and persuading an enterprise, demanding that they work on all sorts of their own products—especially machine-construction products, that were always difficult to sell; it was often not possible—then enterprises now have become an astonishingly effective concern, especially for foreign trade, despite all the complaints I hear, which I constantly hear today. Really, to tell the truth, we can of course manufacture machine-construction products on the world level, no worse in quality, and 10 to 20 times cheaper than any of our competitors at today's mad low rate of the ruble to the dollar. Stimuli have appeared for this, and in general enterprises have begun to seek new markets and enter them. The Chinese market, the Indian market, and the markets in eastern Europe are quickly being learned; it is no longer necessary to push them toward this. Behavior has changed radically. [end recording]

[Correspondent Sergey Novikov] Of course, Yegor Timorovich Gaydar had to speak about privatization today in Tula.

[Begin Gaydar recording] Of course, we understand very well, we have always understood, that the market cannot work effectively without a fully state-oriented economy. Market mechanisms are effective when they are based on a transformed system of property relations. But now, when we have truly come to large-scale, major privatization, when tens of thousands of enterprises have been privatized, then it becomes clear how utopian the talk of it being necessary to undertake a major privatization was, of absolutely everything, in two or three weeks in December. In eight months we have formed at least the foundation of the normative basis and have created an organizational structure, and we are still constantly running into complaints that we are trying to go too fast or we are going at too forced a pace. To some degree these

complaints are justified, but there is simply no possibility of giving in, of losing time.

Of course, to do of all this with the wave of a magic wand, in two weeks, that simply was not serious. The problem with privatization is that in itself it is a task which does not have an optimum economic solution. It is possible to choose any privatization program. There are 150 possible choices. It is possible to have long arguments, to choose, to bring in the best specialists, the best world styles, to unite, to choose, and a minute after a choice is made it will be subjected to destructive criticism.

It will always be imperfect, it will always hurt someone; whatever happens, it will always have a number of problems which cannot, let us say, be solved.

In my view, the main thing today is not to go on arguing about whether or not we are going the right way toward privatization. Ultimately, what we have already achieved is some kind of balance of interests: It was hard work reaching compromises with the trade unions, the directors, the Supreme Soviet, and so on. Instead we should be trying to implement it in earnest; the more rapidly we carry it out and the more organized we are, the more quickly the internal market mechanisms will begin working. These mechanisms alone can serve as the buttress for the practical restoration of economic growth in Russia. [end recording]

Outlines Arms Export, Monitoring Policies

LD1609180892 Moscow ITAR-TASS World Service in Russian 1600 GMT 16 Sep 92

[By ITAR-TASS correspondent]

[Text] Tula (Central Russia), 16 Sep—The Russian state does not intend to give up its rigid monitoring of the export of arms and ammunition, but at the same time it would expand participation by enterprises in this trade, Yegor Gaydar, acting prime minister of the republic, stated here today. By visiting the town of Russian armorers today, he concluded his working trip to Central Russia, during which he went to Novgorod and Smolensk to acquaint himself with the course of the economic reform in the region.

At a meeting with heads of local administrations, managers of leading industrial enterprises and Agroprom, and entrepreneurs, he gave a positive assessment of the course of economic reforms in Russia and Tula oblast. Replying to questions by representatives of the military-industrial complex, the prime minister stressed that Russia has not carried out a rapid expansion of arms exports. Taking into consideration the conversion problems, however, the government plans to slightly increase the export volumes of military products, according to Gaydar.

Returns to Moscow; Comments on Tour

LD1609220392 Moscow Teleradiokompaniya Ostankino Television First Program Network in Russian 1950 GMT 16 Sep 92

[From the "Novosti" newscast]

[Text] Yegor Gaydar returned to Moscow three hours ago. As has already been reported, he toured Novgorod, Smolensk, and Tula Oblasts. Gaydar acquainted himself with the experience of the conversion of defense enterprises, progress in privatization, and the work of the first private farms.

[Begin Gaydar recording] The most acute problems, including private and practical problems, are not always easy to see from the center. They should be looked at on the spot. To see and to talk to people, to see what worries them in the first place, and perhaps to correct them in some details with respect to what we are doing. [end recording]

Economic Issues

Central Bank's Gerashchenko on Budget Crisis

LD1709134392 Moscow ITAR-TASS in English 1327 GMT 17 Sep 92

[By ITAR-TASS correspondents Ivan Ivanov and Gennadiy Talalayev]

[Text] Moscow September 17 TASS—Acting chairman of the Central Bank of Russia, Viktor Gerashchenko, does not exclude the possibility of a considerable widespread reduction in budget expenditures in October, affecting social welfare spending. The top banker spoke in an exclusive interview with ITAR-TASS today after the session of the Government of the Russian Federation.

Gerashchenko noted that this reduction is caused by the "crisis in the execution of this year's budget," more precisely that "budget revenues are low." According to the banker, budget revenues for the first eight months of 1992 amounted to only 40 per cent of what was expected for the whole year.

Therefore, taking into account the limitations brought about by the figures of the maximum budget deficit determined by the parliament, we will probably have to suspend the expenditure part of the budget until it can be recalculated within the limits of the revenues we have received, Gerashchenko commented.

Thus, in October the allocation of state funds to subsidized enterprises and organisations, as well as funds for various social needs envisaged in the budget of the Russian Federation, may be reduced according to the lack of funds.

Government Adviser Warns of Fuel Price Hike

LD1709135292 Moscow ITAR-TASS World Service in Russian 1045 GMT 17 Sep 92

[By ITAR-TASS correspondent Sergey Podyapolskiy]

[Text] Moscow, 17 Sep—A decree on increasing the price of fuels will be signed by the president of Russia within the next few days. This was stated at a briefing today by Aleksey Ulyukayev, economic adviser to the Russian Government. He stated that the draft decree, which is now being finalized by President Boris Yeltsin and acting Premier Yegor Gaydar, "will be signed and made public today or tomorrow."

According to Aleksey Ulyukayev, prices for oil and petrochemicals will approximately double, and prices for coal will rise by 30 percent. The cost of gas and electricity will remain virtually unchanged. The government's economic adviser noted that according to the forecasts of experts, the effect of the price rise on the consumer market will be "weak." Prices for goods will rise, in his words, by 20-25 percent.

Speaking about the grain situation, Aleksey Ulyukayev reported that the level of grain production in Russia this year is significantly higher than last year. The volume of the harvest should be at the level of 105 million to 106 million tonnes, pre-drying weight and 98 million tonnes post-drying weight. The volume of procurements are expected to be the same as last year.

Aleksey Ulyukayev expressed confidence that the necessary stores of grain to provide for centralized needs—supplying major towns, the Army, and other special consumers—would been created. There are no grounds for anxiety, he concluded.

Government Examines Fuel, Energy Resources

LD1709111492 Moscow ITAR-TASS in English 1034 GMT 17 Sep 92

[By ITAR-TASS correspondents Ivan Ivanov and Gennadiy Talalayev]

[Text] Moscow September 17 TASS—Russian consumers are expected to have 1.3 million tonnes of conventional fuel more in stocks than last year on October 1, the eve of the autumn-winter season, Vice-Premier Viktor Chernomydrin, in charge of the fuel and energy complex, told a Kremlin meeting of the Russian Government on Thursday [17 September].

Speaking of problems besetting the fuel and energy complex, Chernomyrdin dwelt at length on the trend of uncontrollability in the coal industry. He noted that each miner does not work, on average, 200 shifts a year due to additional privileges.

After an hour-long discussion of Chernomydrin's report, cabinet members adopted a draft decision on measures to supply the Russian economy and population with fuel, electricity and heat over the autumn-winter season of 1992-1993.

Acting Premier Yegor Gaydar who chaired the meeting, informed the cabinet of his recent trip to Smolensk, Novgorod and Tula. He noted that, according to his observations, "the situation is more stable in localities than the mass media write".

He pointed at the same time to the need to make some adjustments to the government's actions on the implementation of reforms.

Vice Premier Views Energy Needs, Resources

PM1509154792 Moscow KOMSOMOLSKAYA PRAVDA in Russian 12 Sep 92 p 1

[Interview with Vice Premier V. Chernomyrdin by F. Sizyy under the "Questions of the Week" rubric; place, date not given: "Will We Freeze This Winter?"]

[Text] [Sizyy] Viktor Stepanovich, what do you think, are we going to freeze this year?

[Chernomyrdin] I make no secret of the fact that I will have to ask the president for authority to use tough measures. We will be forced to tighten the norms for the consumption of energy resources. Of course, we are being called various names, but I would like to have seen the critics in Khabarovsk at the time when the city was freezing....

[Sizyy] Reports are coming in from the provinces that "burzhuyki" [small temporary space-heating stoves] are being prepared in some places...

[Chernomyrdin] Can you really save yourself with a "burzhuyka" in a northern state? Look: In 1988 we consumed 2.5 trillion tonnes of standard fuel. Last year we produced 2.3 trillion. Had the national economy continued to work as it did in 1988, we would not have had enough fuel. We are entering winter in a very bad way. Therefore, in accepting the post I made a proviso: A credit for the specific purpose of procuring fuel reserves totaling 220 billion rubles. Fuel and energy complex enterprises have been relieved of profits tax if profits are invested in production. We will compensate for the fall in oil extraction by using gas, because the gas industry has been able to maintain itself and there are even reserves, which cannot be said of the oil workers.

[Sizyy] The oil economy has to be saved, but how?

[Chernomyrdin] All these past years the same demand has been made of oil and gas workers: Give, give, give! Not once has anyone said: Take! Since the 1917 revolution the country has extracted 16 billion tonnes of hydrocarbon raw materials! This was not dreamed of by Kuwait, or the United States, or the Arab Emirates. But we have gobbled everything up. Thanks to fuel and energy resources we were a superpower, and the "era of

stagnation" ended as soon as the first serious failures occurred in the fuel and energy complex.

The fuel and energy complex has now been upgraded to one of the highest priority sectors. This means that the task of stabilizing it will be tackled by military-industrial complex enterprises, major scientific institutions, and the country's entire scientific and technical potential. After all, we cannot feed people if fuel and electricity are not given to the countryside. No more than 250 kilowatt-hours per person per year are used domestically in our rural areas, while the figure is almost 10 times greater in the United States! We also lag behind in urban power availability.

The cold here can paralyze the whole country—we are, after all, almost all northerners.

[Sizyy] What will a new rise in oil prices bring to the sector?

[Chernomyrdin] Strange as it may seem, the higher oil prices are, the harder it is for oil workers to survive: High prices rebound on them and hit them like a boomerang. Suppliers are already demanding foreign currency from them. Therefore there will, of course, be a correction in prices, but prices must take second place to the oil economy's survival.

[Sizyy] Is the price of oil a political or economic question?

[Chernomyrdin] How can you separate politics from economics? Every time prices for power sources are raised, a commotion starts among politicians. Very complex processes are taking place, and this must be borne in mind.

Fuel, Energy Resources Extraction Falls

PM1709091192 Moscow ROSSIYSKAYA GAZETA in Russian 11 Sep 92 First Edition p 3

[AEN report: "Extraction of Resources Is Down"]

[Text] The Government Commission for the Current Analysis of the Economic Situation has noted in its latest report that a further reduction in the extraction of basic types of fuel and energy resources will lead to stoppages in supplies to sectors of Russia's national economy over the fall and winter period. According to calculations, over the past nine-month period oil extraction will amount to about 86 percent of last year's figure, coal will come to 96.7 percent, and gas will remain at the same level as between January and September 1991.

Winter, Harvest Eventuate Fuel Export Suspension

PM1709101792 Moscow IZVESTIYA in Russian 10 Sep 92 Morning Edition p 1

[Report by Pavel Golub: "Fuel Difficulties in Russia Necessitate Suspension of Petroleum Product Exports"]

[Text] Russia has halted the supply of petroleum products to Japan and West Europe because of the need to ensure winter supplies to northern Russia and to prevent the disruption of the harvest. We received this report not from Russia's export organizations but from REUTERS.

Attempts to have this sensational report confirmed or denied were unsuccessful: There were no leaders present Wednesday morning at "Rosneftekhimeksport," "Rosneftepererabotka," "Rosnefteprodukt," or even at the state company "Nafta Moskva"—they had all gone to a Ministry of Foreign Economies Relations collegium. Experts told IZVESTIYA that this report has a ring of truth to it but probably relates to a narrow range of goods, most likely diesel fuel.

Nevertheless, the British news agency's report deserves close attention. It relates to supplies to Japan, Germany, Switzerland, and Italy. Despite the Russian side's assurances (REUTERS cites a "Rosnefteprodukt" expert) that deliveries will be suspended only "as long as is absolutely necessary," diesel fuel prices in the London international oil market immediately soared $4 to $186.25 a tonne. Clearly by no means the least important factor here was the publication of Western assessments of the fall in Russian exports of oil and petroleum products, which stated that our exports in the first seven months of the year have fallen by 16 percent.

Judging by the restrained reaction of our partners in the oil and petroleum products trade, they are ready to recognize that the difficulties that Russia has encountered in meeting its own fuel needs are a "force majeure." This means that the difficulties are regarded as "objective" and that we are not threatened with economic reprisals.

As we were told at the Foreign Ministry, the suspension of deliveries of petroleum products to Japan is in no way political and cannot be connected with the preparation of the Russian president's visit to Tokyo. Furthermore, as we have managed to ascertain, our oil exports to Japan are very small (around 100,000 tonnes) and are mainly destined for subsequent re-export to the West.

Government To Seek Parliament Accord on Vouchers

OW1709150192 Moscow INTERFAX in English 1446 GMT 17 Sep 92

[Following item transmitted via KYODO]

[Text] The Russian Government will seek the parliament's approval for its plans to use privatization vouchers for privatizing land and housing. According to IF [INTERFAX] sources, the government discussed this initiative on Thursday [17 September].

Speaking about his recent tour of central Russia, acting Prime Minister Yegor Gaydar accused the processing enterprises of monopolism and unreasonable overstatement of prices, and said that these enterprises should be involved more actively in the privatization programme.

He also urged to start privatizing the municipal property and give the local governments the right to take corresponding decisions.

Sources in the government informed IF that President Yeltsin is to pass a decree raising prices on oil and oil products.

Plans to raise prices on oil and oil products this week were announced last Thursday by Vice-Premier Viktor Chernomyrdin following the Cabinet's session devoted to the fuel and energy complex.

Although prices on fuel and energy will be kept under control, their level will rise considerably.

Minister on Opposition to Privatization Plan

OW1609200892 Moscow INTERFAX in English 1721 GMT 16 Sep 92

[From the "Presidential Bulletin" feature prepared by Andrey Pershin, Andrey Petrovskiy, and Vladimir Shishlin, and edited by Boris Grishchenko—following item transmitted via KYODO]

[Text] The industry minister of the Russian Federation, Aleksandr Titkin, who had sent two reports to President Yeltsin attacking the privatisation programme by the State Property Committee and offering alternative proposals (refer to earlier PB editions), speaking in an exclusive interview with IF [INTERFAX] said he reserved the right to use other possibilities to defend his views if the Committee failed to heed his recommendations outlined in his letter to the president. One way of doing this, he said, is to expound them at a cabinet meeting.

In the meantime, Titkin made it clear that his ministry's position "has absolutely nothing to do with the issue of privatisation vouchers" despite the Committee's attempts to try to link it artificially with the ministry's concept of forming joint stock companies.

IF Note: A well-informed source told IF that after familiarising himself with the minister's letter, Yeltsin recommended acting Prime Minister Yegor Gaydar to call a private cabinet meeting to discuss the privatisation issue before the process gets under way in earnest. Experts believe the cabinet is likely to meet before October 1.

Titkin is confident of being able to sway cabinet members his own way. He said the industrialists were aware of the need to start the privatisation campaign as soon as possible, but this must be carried out in a sensible way so as to raise production efficiency and protect home industries. The minister described the possibility of resignation and joining the opposition as "an extreme and almost inconceivable measure".

IF Note: The chairman of the parliamentary committee for energy and industry, Andrey Yeremin, told IF that the State Property Committee had "neither the mechanism, nor the strategy or tactics of privatisation". He claims his view is also shared both by his committee members and the Industrial Union faction. However, leaders of the State Property Committee have so far refrained from any comment on the industry ministry's position despite a string of requests by IF to do so.

On releasing fuel prices, the minister called to hasten the process, but insisted on gradualism and measures to stave off social upheavals. Titkin said that the people's patience might run thin if the shock treatment of earlier this year was allowed to repeat itself much too often.

On defence spending, the minister said the government had considered several budget drafts and agreed on a total sum to be allocated to defence-related industries as part of the state defence order for 1993, though there is still a wrangle over the fate of several plants. The cabinet has now concluded that the issue must be brought under further scrutiny. But the minister believes one way of resolving it is the redistribution of defence spending by allocating it directly to the Army. Titkin is hopeful that the cabinet will finalise the proposals before bringing them for parliamentary approval.

On the rescheduling of the president's visit to South Korea, the minister said this could help improve the substance and volume of the aid package which had already been discussed with the South Koreans.

IF Note: Titkin visited Seoul earlier this month to agree on the package of documents to be signed during Yeltsin's own visit there soon.

In his view, the postponement can help detail the proposed papers to be submitted to the president before he leaves for Seoul in November.

Democratic Party Disputes Privatization Claims

MK1609092192 Moscow NEZAVISIMAYA GAZETA in Russian 15 Sep 92 p 2

[Report by M.K. under the "Facts, Events, People" rubric: "Democratic Party of Russia Still Has Serious Differences With Government"]

[Text] Nikolay Travkin, the leader of the Democratic Party of Russia [DPR], confirmed this again last weekend. According to him, 99 percent of Russian society is now in favor of the market, the exception being Anpilov and those whom he manages to gather at his rallies. But the methods and speed of the market transition are a different matter. Here the DPR is advocating progressive movement toward this goal. "Whatever Chubays may claim on television about how privatization is going well, that is not how things are," Travkin said. "What is happening is not privatization." He himself sees privatization, and in particular the privatization of trade, as a measure designed to lower prices, but they are rising. Travkin believes that the DPR is practically the only party in Russia that is not just "wagging its finger at

the government" but is actually doing something. He claims that trade and consumer services are completely privatized in Shakhovskiy Rayon, which he heads. The main thing is that prices in the rayon are 40 percent lower than in Moscow and in neighboring rayons. According to Travkin, even the PVS, on familiarizing itself with the situation in Shakhovskiy Rayon, has admitted that "reform can be pushed forward more successfully even without the instantaneous and general impoverishment of the people."

Movements Voice Opinions on Privatization

PM1409110792 Moscow IZVESTIYA in Russian 12 Sep 92 Morning Edition p 2

[Report by Georgiy Ivanov-Smolenskiy: "If Privatization Proceeds Along Nomenklatura Channel, Democrats Intend to Shift to Tough Opposition"]

[Text] The "Democratic Russia" movement, the Republican Party, and the "Democratic Choice" association of supporters of reforms held a news conference on 10 September at which they set forth their position in connection with the upcoming privatization and formation of joint-stock companies.

All the participants in the news conference noted that the start of mass privatization is a decisive and at the same time critical stage in the reforms in Russia. The first steps of the reform, which it was known would be unpopular and which were at odds with the short-term interests of virtually all strata of society, were supported by the democrats since for a long time they were the only possible way. But the considerable sacrifices that society has already made only have a point if subsequent steps lead to all citizens of Russia acquiring property and to the state-monopoly structure of the economy being eliminated. But, it was said at the news conference, while it fully accords with the interests of the overwhelming majority of the people, the privatization program approved by the president's edict encroaches on the interests of a large group of bureaucrats accustomed to carrying out management and distribution in the state economy. Hence the increasingly persistent attempts to "truncate" the privatization program and to deceive and rob the people again.

According to experts' calculations, said Petr Filippov, member of the Supreme Soviet and member of the Republican Party political council, if privatization proceeds with the exclusion of large-scale sectors and the vouchers are thus devalued, every director who tries to avoid privatization "will be taking 200,000 rubles out of his worker's pocket." That could be the real figure on the privatization vouchers if the privatization process is of a truly popular nature. "People must know this," P. Filippov stressed, "and not let themselves be misled and not succumb to any ruses."

And in the opinion of the participants in the news conference there are many of these "ruses" and the "captains of industry" are already using them at the most diverse levels and in the most shameless manner. The "directors'" lobby is very active right now in the top echelons of power. The news conference said that draft edicts are being prepared for the president which will remove whole sectors from privatization, in particular the fuel and energy sector and the structures of the Academy of Sciences. Sergey Nakonechnyy, cochairman of the Union of Labor Collectives of Moscow and Moscow Oblast, showed vast lists of enterprises not liable to privatization which have been signed by Vice Premier Grigoriy Khizhka.

It was emphasized at the news conference that the creation of holding companies, which are essentially monster-ministries with a new name, provides huge advantages to the apparatus of bureaucrats and involves the deprivation of the rights of millions of people who create material values. The leadership of the holding companies, with the controlling block of shares, can not only appoint and remove directors of the enterprises belonging to a holding company but will receiver far higher dividends from the shares of the parent company. Indeed, while verbally displaying "concern to preserve scientific potential," the captains of industry are creating holding companies in the most ordinary, low-technology sectors, for instance the Ministry of Mineral Fertilizer Production.

The implementation of privatization and the formation of joint-stock companies in its truncated form and the deprivation of enterprises belonging to larger associations of the right to withdraw from them strikes a blow not only against the workers of the enterprises themselves but also, by crippling competition, against consumers. Oleg Novikov, chief of the Moscow antimonopoly administration and member of the "Democratic Choice" association organizational committee, stressed that it is not the reforms themselves but, on the contrary, their lack of resolve, especially in the sphere of the formation of joint-stock companies and in demonopolization, that has led to the 15 percent decline in production in Russia and the 26 percent decline in Moscow. The opponents of the reforms, he said, are building their political speculations on the rise in prices but it is the lack of competing owners that is leading to the hyperincrease in prices. For instance, one monopoly—the "Deka" furniture concern—has reduced production by 26 percent while increasing its profit in comparable prices by increasing prices 350 percent. The picture is no better in the food, construction, and other sectors in Moscow.

Nomenklatura privatization is already acquiring overtly predatory features. Flagrant examples cited by Viktor Golubev, member of the "Democratic Russia" coordination council and a Supreme Soviet expert, included the following: The "Mosvtorresursy" monopoly association bought 184 establishments with an area of 43,870 square meters for just 14 million rubles, that is approximately 300 rubles a meter.

All this and much else, the news conference said, is leading to the distortion and emasculation of the president's edict on privatization. "The directors' lobby," Vladimir Bokser, member of the "Democratic Russia" coordination council, said, "is preparing a trap for the president. If privatization proceeds largely according to the nomenklatura scenario, the people will realize they have been deceived and their anger will turn against Yeltsin and the government. And those government members and ministry officials who are now exposing the president will remain in the shadows. That is why Yeltsin should now display the utmost firmness to ensure that at a decisive moment of the reforms a truly popular privatization is carried through. If this does not happen and concessions to the 'captains of industry' (of whom, incidentally, no more than one third are in favor of the nomenklatura option) continue, we shall be obliged to switch to the toughest opposition."

The statement issued at the news conference by the "Democratic Choice" association of supporters of the reforms, which includes 24 sociopolitical, entrepreneurial, professional, and other organizations, says that unless the privatization program is implemented in full, the association's members retain "the right in the very near future to appeal to the country's population and to the labor collectives to use all legal means of political struggle, including mass actions..."

Government Figures For Foreign Trade Jan-Aug

LD1609164492 Moscow ITAR-TASS in English 1609 GMT 16 Sep 92

[By BUSINESS-TASS]

[Text] Moscow September 16 TASS—Russia's foreign trade turnover ran at 43.2 billion U.S. dollars in January-August 1992 and diminished by 27 per cent compared with the corresponding period of last year. Over these months Russia developed a negative foreign trade balance of 0.2 billion dollars (last year saw a favourable balance of six billion dollars), a spokesman of the Russian Federation's Ministry for Foreign Economic Relations told BUSINESS-TASS.

Turnover in trade with the industrially developed countries ran at 26.1 billion dollars and decreased by 21 per cent, that with the developing countries ran at 5.6 billion dollars (20 per cent), and with the former CEMA countries at 7.8 billion dollars (48 per cent).

In the aggregate trade turnover, the developed and developing countries accounted for 73 per cent as against 67 per cent in January-August 1991.

European countries remain the main trading partners of Russian enterprises and organisations, accounting for 68 per cent of Russia's foreign trade turnover.

Turnover in trade with European industrially developed countries ran at 20.7 billion dollars, including that with Germany at 7.6 billion dollars, Italy—3.1, France—2.1, Britain—1.5, the Netherlands—1.4, Finland and Austria at one billion dollars each.

Foreign trade turnover with Czechoslovakia ran at 2.3 billion dollars, Poland at 1.7, Hungary—1.4, Bulgaria—at one billion dollars. A share of these countries in Russia's trade turnover decreased to 19 per cent this year as against 25 per cent in January-August 1991.

Asian countries account for 21 per cent in Russia's export and import operations, African ones—two per cent, American—nine per cent, Australia and Oceania—0.1 per cent.

Foreign trade turnover with the United States amounted to 2.2 billion dollars and that with Canada—0.6 billion dollars. A considerable imbalance keeps on in trade with these countries. Imports from the United States are 3.9 times as large as exports while imports from Canada are 8.7 times as large as exports.

East Asia is one of Russia's priority orientations in trade over the eight months of this year. Trade turnover with Japan amounted to two billion dollars, China—1.8, Korea—0.6 billion dollars. Trade cooperation is being established with Singapore, Taiwan, Hong Kong, and Thailand.

Turnover in trade with India in January-August amounted to 1.1 billion dollars and that with Cuba ran at 0.7 billion dollars. The purchases of Indian coffee and tea and Cuban raw sugar have decreased.

Figures Cited for Foreign Debt, Budget Deficit

PM1709105992 Moscow SOVETSKAYA ROSSIYA in Russian 15 Sep 92 p 2

[Unattributed "Language of Figures" report]

[Text] Russia's foreign debt (not counting interest and new credit) currently stands at around $70 billion.

Some $9.8 billion are due to be paid this year. Some $1 billion has actually been paid and another $1 billion could be paid before the end of the year.

Russia's hard currency income currently stands at around $200 million per month.

State management expenditure

(billions of rubles)	
1986	1.0
1987	1.1
1988	1.1
1989	1.3
1990	2.6
1991	9.3
1992 (plan)	55.7

State budget deficit	
(billions of rubles)	
1986	+0.2
1987	+1.1
1988	+3.7
1989	+3.9
1990	-29.8
1991	-109.3
1992 (estimate)	around R1trillion

Government To Renegotiate Foreign Debt Repayment

PM1709105192 Moscow ROSSIYSKAYA GAZETA in Russian 12 Sep 92 First Edition p 3

[AEN report: "Sense of Indebtedness Growing"]

[Text] At the next meeting of the Paris Club in late September the Russian delegation intends to ask Western creditors to change the structure for the repayment of the former USSR's foreign debt. The Russian Government intends to do this because of the complete insolvency of the other republics, which are unable to meet their collective responsibility in respect of the Union's foreign debt. Agreements have already been concluded with Belarus, Turkmenistan, and Uzbekistan whereby those republics transfer to Russia both their part of the debt and their share of Union assets. If Russia is able to persuade Western creditors of the other republics' inability to pay the foreign debt, then, as the Russian Government hopes, their debt demands on Russia for next year could be reduced "to the level of our actual potential, which is no more than $2.5-3 billion per year." This was stated at a press conference 8 September by Russian Government Vice Premier Aleksandr Shokhin.

At the same time a new procedure for placing Western credits will be introduced in the republic. Thus for commodity credits (excluding the import of food, medicine, and certain kinds of raw materials and equipment) the borrower will be required to cover the credit in full in rubles at the current exchange rate. For investment credit 15 percent up front and the presentation of bank guarantees, including guarantees secured on the property of the borrowing enterprise, will be required. In Shokhin's opinion, demand for foreign credit will be reduced considerably as a result of these measures, and even those Western lines of credit which are unfrozen as of today will not be taken up in full.

Central Bank Resolves Cash Flow Problems

PM1409145192 Moscow ROSSIYSKAYA GAZETA in Russian 9 Sep 92 First Edition p 3

[AEN "Diary" report: "No Cash Problem in the Russian Central Bank"]

[Text] During the period from mid-August to September 1992 the Russian Federation Central Bank's quota rose from 160 million rubles [R] to R2.2 billion. Konstantin Shor, chief of the Russian Central Bank Main Administration, reported that average daily receipts for August were R1.384 billion.

As a result the problem of prompt payment of wages and provision of cash for outgoings without issuing extra money has been solved for Moscow. According to K. Shor, the situation has been rectified in this respect by an influx of cash being deposited by trade enterprises.

Moreover, the average daily amount by which Russian Central Bank receipts exceeded cash outflow made it possible to treble the Moscow commercial banks' cash quota from R1 billion to R2.952 billion. This resulted in a fourteen-fold increase in the cash quota of the Russian Central Bank itself.

Bank Tying Savings Deposit Rates to Inflation

OW1609063092 Moscow Central Television First Program and Orbita Networks in Russian 1845 GMT 10 Sep 92

[From the "Utro" program]

[Text] You may have noticed that our financial system has literally become the talk of the town in recent times. From the mass media we learn about its numerous ills and the prescriptions for its cure. So we too have decided to address this subject.

[Correspondent K. Kharlamov] The saying that money itself cannot buy happiness, but that how much money you have can make a difference is a distinctive motto these days. With every passing day, practically everyone more insistently demands more money. It is no wonder—people want to live! The national economic chaos has naturally affected the financial system, sometimes likened to the human body's circulatory system. Who can be healthy with an ailing circulatory system? We have runaway inflation, enterprises and former republics of the Soviet Union with huge reciprocal debts, and price increases that significantly outstrip increases in the population's income. We could spend a long time listing all these ailments and, as we often do, searching for a culprit.

More often than not, the Central Bank of the Russian Federation is blamed for all the sins. But if we take a close look we can see that more than a little has been done in the last two or three months. For example, the currency flow problem has almost been solved. The state's debt to its citizens for wages, pensions, and allowances has been reduced to 6 billion rubles; not long ago, it was more than 200 billion rubles. Most profitable and essential enterprises have agreed to mutually cancel certain debts. As far as unprofitable enterprises are concerned, they are and probably will remain that way until normal operations can begin.

One additional matter will help us all out. The Sberegatelnyy Bank of Russia has interest rates on savings deposits. In a word, keep your money in the savings banks.

[Begin recording] [A.A. Voylukov, first deputy chairman of the Central Bank of Russia] The law on indexation of the people's deposits was adopted; regrettably, its implementation was somewhat delayed. But effective 1 August the Central Bank, with the concurrence of the government and in the execution of the law, sharply changed and significantly increased interest rates.

For example, if previously one made a deposit for his children's future for a 10-year period with a guaranteed 25 percent annual return, that interest rate has now been raised to 60 percent. That is to say, substantial and more than two-fold increases have been introduced on all deposits. True, we would like these deposits to be for an agreed-upon fixed term, let us say three or six months, because this would better guarantee the rapid, correct use and injection of the money into the national economy, into high-yield investments generally designed to increase the material wealth needed by Russia.

[Kharlamov] What will happen to interest rates if inflation rates keep rising?

[Voylukov] Since there will be inflation, the task of the Central Bank, the government, and the Sberegatelnyy Bank is to investigate the situation and, if necessary, to increase rates for deposits. [end recording]

Bank Official Agrees With New Reform Approach

PM1609110192 Moscow ROSSIYSKIYE VESTI in Russian 12 Sep 92 p 1

[Report by Yuriy Rytov under the "Money" rubric: "We Need Arguments To Arrive at the Truth, According to Arnold Voylukov, First Deputy Chairman of the Central Bank of Russia"]

[Text] A meeting was held 10 September between leaders of the Central Bank of Russia [CBR] and a number of mass media leaders. The meeting was chaired by Eduard Sagalayev. The role of chief "respondent" was played by Arnold Voylukov.

I asked him the following question:

"During today's conversation CBR leaders made a fairly sharp appraisal of the first stage of economic reform in Russia. But substantial modifications have been made to the government's policy now. At a recent meeting with the ROSSIYSKIYE VESTI collective, Yegor Gaydar claimed that there are no substantial disagreements today between the government and the CBR. There are only trivial matters which can be resolved. Do the CBR leaders agree with this claim?"

Arnold Voylukov's reply:

"The government's medium-term program is as far removed from the policy proposed earlier as the sky is from the earth. This is a program of reforms which finally takes account of today's existing realities. Even though we now criticize details, believe me, all CBR employees are supporters of reforms, they all advocate that reforms should proceed better and faster.

"Now—about the role of the Central Bank in the implementation of reforms. It is extremely thankless. It—the bank—is obliged to state its vision of the tactical progress of reforms and assess the actions the government is undertaking. Do we have disagreements with the executive power now? Yes, we do. For example, a procedure for formulating the enterprises' internal Russian debt has still not been determined.

"But there should be disagreements! There should be contrasting viewpoints—for the sake of the reform, for the sake of common sense, for the sake of our common cause."

I would like to note the most paradoxical of the other questions discussed at the meeting: The status of the CBR chairman and the Council of Directors existing in this bank. Arnold Voylukov stated that the chairman of the bank is, under the law ratified by the Russian Supreme Soviet, appointed by parliament. But the Council of Directors, to which both the first deputy chairman and the deputy chairman belong, is appointed by the Supreme Soviet Presidium.

Thus, none of the CBR leaders has been officially confirmed to this day!

Industrialists Demand More Say in Decisionmaking

LD1309203492 Moscow Radio Rossii Network in Russian 1800 GMT 11 Sep 92

[Text] In Moscow, the experts' institute of the Russian Union of Industrialists and Entrepreneurs has prepared an analytical report called "Enterprises and the Government—The Difficult Road to Compromise." It is based on the need to make substantial alterations to the government's reform policy. Here with the details is our correspondent Yevgeniy Zherebenkov.

[Zherebenkov] The report presented today by the Russian League of Industrialists and Entrepreneurs examines the reasons and consequences of the ever-increasing conflict between industrial managers and the present government. The authors believe that behind this conflict there are major economic processes that could influence the entire future development of the country.

The report provides recommendations for the government, and the managers intend to draw up a coordinated policy for continued reform. The experts of the Russian Union of Industrialists and Entrepreneurs believe that the results of the first eight months of the reforms show that the government's declared policy of stabilizing cash

circulation and jump starting a free market system for macroeconomic regulation of the economy has mainly failed to achieve its aims.

The main reason is an underestimation of the state sector's ability to resist reform. The state sector has found a weapon against the government's military-style methods—failure to pay its bills. Wanting to push enterprises toward free market methods, the government has largely achieved the opposite. It has forced them not only to work out collective forms of defense, but also to work further to neutralize economic links.

Will the government and the managers find common ground, as the report's authors call on them to do? This is the opinion of Arkadiy Volskiy, chairman of the Russian Union of Industrialists and Entrepreneurs:

[Begin Volskiy recording] Our opinion is that a compromise will be extremely difficult to find. There are two reasons for saying this. The first is that the rules of the game, the economic decisions, are being laid down by a group of economists who have never worked in a factory and who have no experience of industry. Other people have to play by these rules, people who have spent all their lives working their way up from the workbench to the director's chair.

So our primary demand is that all decisions on the economy and on industry be taken in conjunction with people who know about industry. That is the main thing that we want. For example, we want the Union of Industrialists, the directors, to have a chance to contribute their expertise to projects. You cannot just go over their heads. By releasing this document, with recommendations to both camps, we are actively trying to protect both ourselves and them from possible disaster. [end recording]

Researchers Advise Slower Reforms

MK1509115992 Moscow NEZAVISIMAYA GAZETA in Russian 12 Sep 92 p 1

[Report by Mikhail Lantsman and Yelena Stepanova under the "Reform" rubric and general headline: "Volskiy Looks For Compromise and Advises His Opponents Not To Be Hasty"]

[Text] On the eve of the Russian Federation Supreme Soviet session, which is just opening, the Russian Union of Industrialists and Entrepreneurs' Experts Institute presented to the public 11 September its research on the theme "Enterprises and the Government—The Difficult Road to Compromise." The main conclusion drawn by Arkadiy Volskiy's experts is that it is only possible to achieve long-term success in the reform of the economy by slowing the course of reforms and giving state enterprises the opportunity to adapt to the new conditions, to which they are unaccustomed. Otherwise, according to Igor Lipsits, one of the authors of the report, the domestic economy can expect to be "Kuwaitized," that is, turned into a limb of the industrially developed countries, providing them with raw materials.

According to Yevgeniy Yasin, director of the Experts Institute, the government's reliance on achieving rapid financial stabilization through a tough credit and monetary policy has not been justified. The state sector adapted itself quickly, although not in the way that the Russian reformers' cabinet expected, as a result of which there occurred a crisis of reciprocal nonpayments and a cash crisis. The industrialists' reaction has been of a dual nature, Yasin explained: Negative and positive. The former in connection with the desire to prevent a decline in production, the latter with the desire to preserve the old economic structure at any cost.

As a result, the intensive pumping of money into the economy placed the country on the brink of hyperinflation. According to Yasin, the situation is being exacerbated by the fact that the inconsistency of the government—which did not sustain [ne vyderzhavshiy] the running start made at the beginning of the reforms—has caused the industrialists to cherish illusions to the effect that even greater concessions can be achieved by intensifying pressure. In October, when prices of energy sources have been raised and the harvest work is finished, we must return to a tough financial and credit policy, Yasin believes, while at the same time controlling prices and the population's incomes.

Insofar as the time of financial stabilization has not yet come, Yasin believes, it is better to keep controlled inflation at 3-5 percent a month.

Yevgeniy Yasin's position is not new, and he has recently state it repeatedly. A "professional elaborator" of economic programs (and it is hard to find a program of the past few years in whose elaboration the Experts Institute director did not take part), Yasin has also exerted considerable influence on the formation of the "Government Program for Deepening the Reforms."

In the new program, Yasin's ideas about the possibility of a controlled inflationary development in Russian conditions manifested themselves in the paradigm: Inflation is preferable to a dearth of investments. Ways of providing them include the state-regulated granting of all kinds of tax concessions, and so on. [Lantsman ends]

[Stepanova] At a news conference held yesterday Yevgeniy Yasin accused the government of not withstanding pressure from the state sector, and then opting for considerable concessions as a result of which the credit supply increased 10-fold between March and September. However, strange as it may seem, Yevgeniy Yasin himself bears a great degree of moral responsibility for this notorious "summer inflation ["letnyaya nakachka"]. Obviously the point is not that he—like certain other representatives of the "structuralist" school of economics in the government, incidentally—directly initiated the easing of the monetary-credit policy. What we are talking about here is, rather, the ideological, theoretical influence.

As for the "Program" of the Civil Union Theoretical Center's Experts Institute, on the threshold of the upcoming fall battles it must not be seen as an opposition program. It appears that we are dealing with one of the first attempts at civilized lobbying. Evidence of this is provided by the fact that the draft "14 Demands From Industrialists and Entrepreneurs to the Government"—copies of which are to be sent to the president and the cabinet members in the immediate future—was prepared on the basis of the program.

Economy Minister Outlines 1993 Priorities

PM1709084192 Moscow ROSSIYSKIYE VESTI in Russian 15 Sep 92 p 3

[Excerpts of speech by Economics Minister A. Nechayev at undated Russian Government session: "Andrey Nechayev: Structural Changes in Economy Determined by Structure of Our Reform. From Economics Minister's Speech at Government Session"]

[Text] The structural changes at the first stage of the economic reform were to a considerable extent of a forced, passive nature. They were determined primarily by the reduction in state expenditure associated with the need to improve the economy's financial health. The most significant of these structural changes was the sharp reduction in production of defense output and of output of the economy's capital-creating sectors.

A transition to an active structural policy involving an extensive arsenal of means of the state's primarily indirect, economic influence on structural changes must, in our view, be the main feature of the present stage of the reform.

In addition to programs connected with structural transformations at the federal level, a number of programs must also be implemented on a regional level, including those with a social and humanitarian thrust associated with support for education, culture, and art, with ensuring social guarantees in the spheres of health care and mother and child protection, etc.

For 1993 it is proposed to choose the following as priority spheres:

Fuel and power generation, intending in 1993 to ensure a stable power supply to the national economy's main life-supporting spheres and to maintain the income from exports of energy sources.

Food, in order to remove tension from the foodstuffs market and, at least, to prevent a reduction in consumption of foodstuffs. The creation of material conditions for the development of new forms of management in the agro-industrial complex will be of special significance. Implementation of the "Farmer" program, the "Russian Bread" program, and certain others should begin as early as 1993.

Transportation, particularly singling out the problem of developing seaports, which arose acutely after the breakup of the Union. Here major work is to be carried out in 1993 to develop the ports of Krasnodar Kray and also to construct the second stage of a maritime transshipment complex in the port of Vostochnyy, Maritime Kray.

Conversion, bearing in mind the need to make the transition from the current simple curtailment of military production to tangible growth in the production of civilian output. The enterprises that are being converted are geared, above all, to producing equipment for priority spheres.

As regards the priority sphere of housing, taking the budget restrictions into account, the task of providing servicemen, including those being reduced from the Army, and refugees with housing should be set as the key task in 1993.

A special feature of the structural policy in 1992-1993 is that it will be realized against a background of an ongoing general production slump. The production slump associated with the reduction in effective demand is creating reserve capacities and thereby improving conditions for the structural and technological modernization of appropriate spheres of the economy.

At the same time the normalization of commodity exchange with the former union republics and the creation of efficient mechanisms for restoring trade turnover with East European countries constitute an important general economic precondition for curbing the groundless production slump and implementing a purposeful structural policy.

Active restructuring of the economy is impossible without enhancing investment activity. Reducing the level of inflation is the most important macroeconomic precondition for this. Without this it is impossible to efficiently draw up and implement investment projects, to enhance the inclination of enterprises and the population to save, and to create a favorable investment climate.

The volume of funding for capital investments from nonbudget sources could run to the order of 50-60 billion rubles [R] at 1991 prices, i.e. it will be practically at this year's level or a little higher. Such an assessment of possible investments has also been made for individual sectoral complexes. The largest volume of investments out of enterprises' funds may be formed in the fuel and energy complex (approximately R22 billion), in the social complex (approximately R18 billion), and in transport and communications (R6 billion).

Despite the significant volume of investments being formed out of enterprises' own funds, it appears necessary to allocate approximately R4 billion to the fuel and energy complex out of the budget, mainly to subsidize

the coal industry but also to modernize a number of power stations and, primarily, to improve safety in nuclear power stations.

In the agro-industrial complex, in order to realize priority for food, it appears necessary to add approximately R20 billion more from the federal budget to the volume of investments out of its own funds, which, according to a preliminary estimate, might be of the order of R7-8 billion.

In transport and communications, mainly in order to purchase rolling stock to ensure passenger transport operations, but also for very limited construction, at seaports above all, approximately R5 billion is to be allocated from the budget.

A considerable volume of the capital investments traditionally funded out of the budget goes into the social complex. This means housing construction, including for servicemen, general state projects in the social sphere, and also light industry. In all, this complex requires centralized budget investments to the tune of at least approximately R14 billion. Together with the enterprises' funds, they will total R32 billion.

It is proposed to allocate R2.2 billion and R2.4 billion from the budget to the machine-building complex and the chemicals and timber complex respectively, chiefly for projects that ensure the development of priority spheres.

It seems possible to allocate R0.5 billion to metallurgy from the budget. Some 85 percent of the volume of investments in this complex will be formed from enterprises' own funds.

In all, the minimum requirement for capital investments from the federal budget for the economy's restructuring will total R63 billion (at 1991 prices). There are grounds for expecting that demands on budget investments will increase in the course of examining the budget and making the prognosis for 1993.

The total volume of investments from all sources of funding is preliminarily estimated at R100-120 billion at 1991 prices, or R5-6 trillion at the prices expected in 1993.

According to our estimates, the capacities of the construction complex are capable of assimilating capital investments that are twice the investment resources (the aforementioned R100-120 billion). The maximum utilization of this potential seems necessary both from the viewpoint of preserving it and from positions of structural policy.

Attracting foreign capital can be an important way of increasing the scale of investment activity. According to preliminary estimates, in 1993 the inflow of foreign capital in its various forms could total $5 billion, or approximately R15 billion at 1991 prices.

According to preliminary estimates, in 1993 the demand for manpower will lag behind the supply, and the total number of persons needing to be found jobs could amount to approximately 7 million, or 8 percent of all labor resources. Approximately 5 million people could be recognized as unemployed, of whom roughly 4.7 million will, perhaps, receive unemployment benefits.

During the remaining months of 1992 and in 1993 great work has to be done to select enterprises that have ended up on the verge of bankruptcy, as a result of which they are to be declared bankrupt and to be reorganized, reprofiled, and, in a number of cases, even halted.

The Concept of Structural Policy has attempted in each sector to single out those production facilities which, from positions of shaping the future economy, need state support in the form of subsidies, preferential credits, budget investments, etc.

Thus, in ferrous metallurgy state support is required, above all, by capacities for the production of the most economical types of rolled metal; in the chemical and petrochemical industry—materials for the production of consumer goods and medicines and for import substitution; in machine building—capacities for the production of equipment for the fuel and energy complex, the agro-industrial complex, transportation, etc.

We propose to set up at the center in the very near future at least 10 comprehensive clearing-up [sanatsionnyy] commissions consisting of representatives of all the interested ministries and departments; to define the criteria from which it is necessary to proceed when resolving the question of clearing up enterprises; to examine each region and the most significant enterprises working on its territory in order to select those that require clearing up. Without such an examination the entire structural policy could be overturned by specific decisions on the fate of a particular enterprise.

A forecast is currently being prepared for Russia's socio-economic development in 1993, defining quantitative parameters, the rate and proportions of the development of the country's economy, and also the areas for utilizing budget funds.

Simultaneously with the drawing up of the forecast, the aforementioned concept will be converted into a general Program of Economic Restructuring supplemented by individual targeted programs aimed at resolving specific problems at the federal and regional level.

Khizha Interviewed on Economic Problems

LD1309192392 Moscow Russian Television Network in Russian 0815 GMT 12 Sep 92

[Interview with Georgiy Stepanovich Khizha, deputy chairman of the Russian Government in charge of space and industry, by commentator Irina Lapina; from the "How Will We Live?" program—live]

[Excerpts] [Lapina] It is time for us to pronounce that arch-modern word conversion and to present Professor Georgiy Stepanovich Khizha, deputy chairman of the Russian Government and doctor of Technical Sciences, on issues of conversion and the organization of the work of sectors of industry, transport, and communications.

Georgiy Stepanovich, you are in charge of industry, and in particular, the defense complex. Let's try to begin with this. There are very many problems here in going over to market conditions, to market conditions of management, is that not so?

[Khizha] Undoubtedly! That complex is experiencing the greatest difficulties, of course. It is difficult for the complex, just as it is difficult for all others, to adapt to market conditions. But it is particularly difficult for the defense complex because its production is being wound down sharply.

[Lapina] There's nothing I can do about this—the first questions coming in are connected with the further rise in prices, and the drop in the standards of living. Things are difficult. We have shock reform in our country, so what can be done now to alleviate all these stresses?

[Khizha] What should I tell you? It is utopian to think that a completely monopolized state economy can go over to a market system and that the entire structure of production can be changed in a few short months. Moreover, the freeing of prices has by itself placed enterprises in a completely uncertain situation, so to speak. It is clear to all that in a normal market economy, prices, the structure of production, and cost prices are formed over a period of years. Well, we have tried to do that in a very short period of time, practically without taking part in that process.

I think we will now have to introduce certain measures to regulate prices—and we are doing that already. We must sort out the finances of enterprises. Of course, it is largely through their own fault that enterprises have got into a state of insolvency, and largely due to objective conditions. We must sort out working capital, because historically there has always been a shortage of it at enterprises. Moreover, after 1 January, after the re-evaluation of basic reserves, primarily at enterprises, a considerable part of their working capital was taken away from enterprises. And all this placed them in a state of insolvency which is the cause of the sharp drop in the volume of output today.

That is to say, you know that in June the volume of output fell by 20 percent, and in August by 27 percent. Unless we sort out the working capital of enterprises today, and allow them to function normally, I don't think that we will halt that fall.

[Lapina] Yes, and now over to the problems of industry. We have been a country of monopoly development. And if some enterprise in our country now drops out of that chain, becomes insolvent, or is simply unable to carry on its activity any further, a whole sector is practically jeopardized. Perhaps the government should devise some kind of measures to support small- and medium-sized businesses. Is anything being done about that?

[Khizha] I have to agree with you completely. That is really the case. And simply to destroy...[changes thought] After all, all our industry was planned as a single unified factory. This algorithm was laid down as its foundation, that this continuous production process was to be supported by all—something was to be received, and something was to be given, so to speak.

Today, there are quite a large number of monopolists in that chain, of course, who are undermining the foundations of the entire economy by cutting back the volume of production. There is a whole range of measures industry and the government can take, and, of course, we are taking these measures now and we will continue to take them in future.

[Lapina] Here is another theme which crops up in a number of questions—privatization, the formation of joint-stock companies, and so on. It is a factor that is already making itself felt, and not painlessly, in our society. Many criminal and mafia structures have already sprung up. How can we protect ourselves from these? What can be done to ensure that we are not drawn into all sorts of dodges while the process is only just beginning?

[Khizha] In all honesty, I don't have a lot to do with the problems of privatization, and even less to do with criminal structures. I can say only one thing. The main task of preventing insolvency is a very difficult and very substantial one. There is no simple recipe. But perhaps one of the most important things that you and I can do is to separate all economic entities, all enterprises and associations, from the state coffers as quickly as possible. We must act to ensure that more enterprises forget that the state budget exists, that there is some kind of state service that allows them to augment their resources, to live at the expense of the state budget, and so on and so forth, while at the same time having allocated to them some working capital and being granted credits for working capital, without which industry naturally cannot survive.

That is to say: We must go over to an independent form of economic management. And until we do that...[changes thought] Strictly speaking, the main task of economic reform today lies in this. It is not always a matter of property. State enterprises, with the relevant structure and system of management, may act in the market as independent, self-sufficient market entities, and act rather successfully.

Therefore, the first measure needed to turn enterprises into joint-stock companies is to separate, I would prefer to say to divorce, enterprises from the state. Of course, I think that there's no doing without certain factors to help enterprises get off the ground.

Unfortunately, perestroyka is not an instantaneous process; both consciousness and organization must be restructured, and production must be restructured, too. That takes time. I think this will take about three years. And during this time a certain, legitimized regime of mutual relations with these enterprises is needed, and this will allow them to enter market conditions more or less smoothly.

[Lapina] You have spoken of the restructuring of the economy. In your opinion, what is the first thing to begin with?

[Khizha] I consider this a most important question. Unfortunately, those programs of structural restructuring that are being discussed today are not satisfactory, of course.

The following can be said to be priorities: The construction of housing and the supply of foodstuffs can be called a priority. What else? Agriculture. But that doesn't answer the question of how this should be done and where the resources should be taken from? Therefore, I would single out three main aspects of that restructuring.

First of all, of course, some kind of ideas are needed to develop the national economy. This must be based upon the most progressive technical achievements of our own industry. It's an open secret that we have always spent vast resources on our aerospace complex and we have great achievements here. First of all, we must invest money in such a way that we can enter the world market and we can have the opportunity to earn money. No substantial modern market will evolve if we are not oriented toward the outside world and toward earning hard currency, not just through oil and other resources. That's the first thing, the locomotive program, so to speak, which should yield resources.

The second program, of course, is connected with the individual construction of housing. I think we must give land to people as a matter of urgency. Sobchak and I tried to do this in St. Petersburg, unfortunately, not very successfully. I think plots of land should be granted around cities, and that people, those who want to, should be given the opportunity to receive these plots of land, in any quantity.

Today, as we try to put money into the economy as a means of revitalizing it, we are unable to find the point at which this money should be injected. It must be given to the people. This money should be given to the people in the form of loans secured against land. People should be given plots. This land can then be used as security for loans. This will give people an opportunity to build. Huge sums of money will materialize in the people's hands. The building industry will start to recover.

The same applies to building materials and equipment. People need furniture and television sets. This process will develop from the grassroots. It will determine the structure of our economy, as a result of the money that people will inject into the economy.

The third problem is, of course, effective conversion. If we correctly formulate our policy toward these enterprises, which are, after all, the cream of our industry, if we use their potential in a sensible way, we will naturally achieve a big return. So, I would single out these three main areas as being those in which we need to act today in order to rehabilitate our national economy.

[Lapina] Let us take this theme a bit further. We have received several questions which I would summarize in the following way. We are still willing to go on suffering, but how much more can we take? Georgiy Stepanovich, very different timetables for economic stabilization are being specified at the moment. What is your own forecast?

[Khizha] I do not want to make any predictions. Making any forecast is bound to be like examining a chicken's entrails. I repeat, there is too much inertia to this process. There is no single, one-shot prescription or means of proceeding. This is the overall condition of our entire economy.

The main point I would like to make is this. Economic recovery and upsurge are impossible unless there is an emotional and spiritual upsurge within the population itself. Everybody must have confidence in the leadership, in the correctness of its actions, and act in an organized and enthusiastic way. It is no secret, I think, that this is not happening at the moment. This just isn't happening. When it starts happening depends, I think, on all of us, on our general mood. But the fact that we know what needs to be done, that we are capable of doing this, should not be doubted, in my opinion. We need accord, some sort of national enthusiasm, a leap forward. There is no other way.

[Lapina] But, Georgiy Stepanovich, we also need to understand people's psychological state. We once used to spend huge amounts of money on defense, and to do this people had to tighten their belts. I have just mentioned one specific sector. This sector prospered, relative to other sectors of course. But this comfortable existence, so to speak, has now come to an end in the defense sector, generally speaking. People now look back with nostalgia at the old days.

Here is a question from Zhulina in Moscow. Are you aware of the wages now being paid to the leading engineers of the once-renowned design offices? Aren't you ashamed of what has happened?

[Khizha] Yes, I know.

[Lapina] Here's another question from Samoylov in St Petersburg. Why did we have to destroy everything? We used to be the greatest country. Now we've become a supernumerary.

[Khizha] Yes, I know. I don't know about the results in August, but in July the average wage in the defense sector was 1,600 rubles [R]. That compares with an average wage of about R5,000 in the rest of the economy. That is

crazy of course. There are all manner of words that could be used to describe it. Between 1980—sorry 1990—and last year, 1991, the procurement of armaments and military equipment was halved. It has fallen by 67 percent in 1992. So, you can imagine how enterprises that have been affected in this way feel. In Britain, for example, the rate of conversion over three years is only 25 percent, and even that is regarded as insane. Clearly it is felt that our country, Russia, is capable of making these great leaps forward, Chinese-style. Consequently, we are reaping the results, so to speak.

I would also like to draw your attention to something else. All right, the military-industrial complex may have devoured people body and soul. Sure, this expenditure was excessive and not always effective. That is a fact and it has to be acknowledged. But today I can tell you that the procurement of armaments and military equipment accounts for a mere 10 percent of our spending, of our military budget—10 percent. Of course, the entire industry will disappear if this trend continues. This volume of armaments, albeit the most up-to-date, the best there are just cannot be produced in a wide variety of places because the scale is inefficient. This is a very serious problem and it must be tackled in the best possible way today. This is because every ruble saved on weapons procurement entails the spending of roughly R1.30 to ensure that these enterprises survive, to ensure that social problems are resolved. This money must be spent in the best possible way, of course. We are working on this now.

[Lapina] Good. Now you are being asked for details of the following episode, and this is something that was even brought up by the president. One plant manufactures tanks, which are then taken across the road and melted down. Is all this still happening? This refers to the chaotic implementation of conversion.

[Khizha] Well, of course, this is not happening now. There's no need to make the situation worse. Yes, indeed, there is a tank factory at which a large number of tanks have accumulated, tanks that are not being used. This happened because although big orders were placed, our foreign trade organizations were unable to clinch the export deals for which they were intended. So, something of this sort does exist. But nobody, I can assure you, intends to melt these tanks down.

I think that every export opportunity must be tapped. There is no need to portray us as saintly paupers. The whole world trades in arms. The United States is moving into all those places, taking over those world arms markets from which Russia has withdrawn because of the political situations there. You can see how actively U.S. firms and the U.S. Government uphold their interests, as far as weapons sales are concerned. By seeking to ensure that these weapons are not sold by Russia, the United States is protecting its own economic interests, the interests of its own firms, ensuring that its own citizens are not left without jobs. During the last three years the United States has increased arms exports by 10 percent, taking over those markets from which we have withdrawn.

[Lapina] But would you not agree that some sort of code is probably needed here, in this new and unfamiliar situation. By trading in weapons and radioactive elements we are, basically, crossing a line, crossing a threshold. Would it not be possible to find some sort of....

[Khizha, interrupting] Yes, of course. There are international agreements which restrict the types of weapons that can be sold and which stipulate regions to which weapons must not be sold. We adhere to all these regulations, so to speak. There is a list of countries, based on UN decisions, to which weapons must not be supplied. We do not supply weapons to such countries. But I have to tell you that, like the rest of our foreign trade, our arms trade is in a rudimentary state. This is unsatisfactory. People with a stake in this business must get involved.

[Lapina] Novintsov from Kaliningrad asks how much the defense sector has been cut back.

[Khizha] I have already answered this. This year, 1992, the procurement of arms and military equipment has been reduced by 67 percent, compared with 1991. Between 1991 and 1990 it was halved. From this you can calculate the reduction since, say, 1990. The figure is running at 67 percent per annum. Throughout history I do not think there has ever been a contraction greater than 5-7 percent per annum.

[Lapina] I see. As well as getting these businesslike and specific questions, we are also getting expressions of goodwill. Burlova from Tashkent has the following to say: We support you. We are working for ourselves. We depend on ourselves in everything.

[Khizha] Thank you.

[Lapina] That is the continuation of your theme.

[Khizha] I would say that as soon as we realize that we are working for ourselves, that our goal is to earn a profit and work more efficiently for the sake of our people, of our society, and of ourselves, the quicker we will get out of all our current difficulties, irrespective of what kind of government we have. [passage omitted on personal questions about Khizha's hobbies and his career before joining the government]

[Lapina] Now we move on to a question about another very sensitive issue in which you are involved. You chair the Security Council's commission on socioeconomic problems in the Northern Caucasus. There are various questions to do with this commission. For example, Nikolay Vasilyevich Chebodar in Moscow asks whether it is finally time to close our border for the sake of security. How are the problems of Russians in the countries of the Northern Caucasus being tackled?

[Khizha] I have to say that this is probably the most sensitive issue of all. To be honest, when Boris Nikolayevich [Yeltsin] went on holiday he let us, let me, take a 12-day break, and I was full of energy to get on with economic issues. It is obvious what we have to do and how to do it. Unfortunately, right after my break the president asked me to tackle this problem, the spreading conflict in the Northern Caucasus. Everyone asks why I was chosen. I don't know.

I think that all our problems, all our political problems but especially the economic problems and the worsening economic situation, lead to social complications, so some vigorous action needs to be taken there. The reason is—and you don't need me to tell you this—that the Northern Caucasus has always caused major problems to the south of Russia, and it is currently the most explosive region of all. Normality in southern Russia, and Russia's existence in general, is inconceivable without calm and political normality in the Northern Caucasus. So we have to act urgently to resolve this problem in a comprehensive and methodical fashion, and pave the way for social calm in this region.

Well, the job was given to me and I've been working on it for two weeks. A specific agreement has now been achieved, I went to the Northern Caucasus and met all the leaders there, and we agreed on certain issues. We now have a group of people in Abkhazia, after the signing....

[Lapina, interjecting] The point is that we should have sorted all this out already.

[Khizha] I agree with you. We should have done this already. Unfortunately, we only set about things when they are already out of hand. So we need a plan of action, and one is being drawn up right now, a comprehensive plan of action.

The most acute issue is, of course, Abkhazia. We have to do all we can to defuse things there, and we are obliged to do this to prevent the conflict from igniting the whole of the Northern Caucasus. This is what we are doing now.

[Lapina] Georgiy Stepanovich, some more nostalgia, but of a slightly different type. Behind the high fences and the guards, in top secret factories, unique technologies were developed and in this respect we were on equal terms with the West.

[Khizha] We certainly were, I can assure you.

[Lapina] And now, as we switch to a civilian economy, can we hold on to the best of what there was?

[Khizha] This is where our wisdom and our principal goal lie. We all understand that there was no point in us producing so much unnecessary weaponry. Neither was there any point in maintaining a bloated and combat-ineffective army. But we do have to maintain the scientific potential, meaning the personnel and the technology, that was created by the public's efforts over many years. Vast amounts of money were invested to achieve this, and it would be the easiest thing of all to squander it on various cheap rabble-rousing slogans. But to maintain it all and use it in the public interest—that's where the wisdom comes in at the top.

I can assure you that we are all concerned about this, and the president and I are going to do what we can to make sure that we find positive ways of putting it to use. I used to be involved in this sector myself, and I feel endlessly sorry for it. I cannot allow this sector to be thrown to the wind. I believe that everything that can be done will be done.

[Lapina] The next question is a kind of follow-up to your answer. Mr. Ivanov in Zaporozhye asks what is happening to the money that used to be spent on defense? Where does it all go?

[Khizha] I have already said that only 10 percent of today's military budget goes to buying arms and hardware. I think that... [changes thought] Yesterday, or rather the day before yesterday, I was at a government meeting where we discussed this matter. We decided that we have to take another careful look at our military budget. We should not simply prop up things which to a large extent are no longer needed, but channel money into the most up-to-date and progressive projects, while supporting industry and giving it a chance somehow to get out of its current situation.

Yesterday evening I was at the Moscow electric vacuum factory, and it put me in a good mood for today. Before that, I visited Sverdlovsk, Rzhevsk, St. Petersburg, Yoshkar-Ola, in the most militarized regions of Russia. I want to say that people are working non-stop to create superb products in medicines or the environment, for the economy. We need some time, we have to give people time. Directors are desperate to finally get rid of the unnecessary military state orders, and concentrate their efforts on the most up-to-date and high-tech products. But you need money for that, of course, and there isn't much of it around, unfortunately.

Today we have created several diversification projects. They all work from the bottom up, but there is a centralized project for diversification into transport, medicine, and the environment, and a fairly large amount of money has already been earmarked for this. Much more is planned to be spent on conversion this year and next year, and the money that we save on buying arms and military hardware is now being allocated to diversification in the defense sector. That's the answer to the question.

[Lapina] Another specific question has come in from Kazakhstan. You know, it is not just inhabitants of Russia, but also those of neighboring countries who are watching us. Yuriy Gennadiyevich Sitov asks how the contradictions regarding the pouring of more money into the military and industrial complex are now being resolved? He asks whether money is being poured into

the development of small and medium-sized business? This is what you and I began the program with.

[Khizha] I think I have answered this question already. We are not pouring money into the military and industrial complex, do you see? This is a kind of ideological cliche, and perhaps a propaganda cliche, too, which is being used against our defense industry. Nobody is pouring any money into it. I have told you that already. Purchases of arms and war materiel have been cut this year alone by 67 percent.

I would like to draw your attention to the fact that real people are behind these figures, people who receive R1,600 month, people without work, people who are ready to leave today and to go to any country where they are paid much more money. These are highly skilled people who must be given the opportunity to restructure themselves, must be given the opportunity to live, so to speak, must preserve their worth as people. Unless we do that, we will cause a lot more unpleasantness than if we spend some money on resolving these problems today. And the money being spent today is very insubstantial, very insubstantial.

[Lapina] Here is a question from St. Petersburg: Could you say precisely what the entire 13 billion [currency unspecified] that used to be allocated to enterprises of the military-industrial complex will be spent on?

[Khizha] What 13 billion?

[Lapina] We have probably been misunderstood?

[Khizha] Yes, yes! I do not understand the figure of 13 billion. I will say this once again: Today 10 percent of the state budgetary resources is allocated to the upkeep of the Army and to all defense-related matters. That is to say, just 10 percent is spent on the purchase of arms and war materiel. Apart from that, this year, approximately a further 5 percent from the budget, from the overall defense budget, was allocated for the conversion of these enterprises. That's to say, half of the resources cut back on purchases, half of the sum that is being spent on arms and war materiel, approximately half of that sum is being spent today on projects for the conversion of defense industries. But, of course, that's not a lot.

[Lapina] A question from Moscow: How do you feel about allowing directors to determine their own renumeration? Take the example of Bashirkostan [as heard] where although the average wage is R2,500 a factory director has set his salary at R120,000. That was in the newspaper IZVESTIYA.

[Khizha] That is a crucial question, and it's not just the director's salary that is at issue.

[Lapina] One director's salary.

[Khizha] Well, today the most unsuccessful thing, the worst scenario is—how can I put it—is for an enterprise to appear to be independent but to remain a state enterprise, for every enterprise and leader to be able to do anything but not to be responsible for anything. There should be, even when property is stated-owned...[changes thought] I see that there is sense in turning an enterprise into a joint-stock company today, not only in privatization.

Today, every enterprise should receive the status of an independent economic active market structure. That is to say, we should create a system of management that will keep the entire economy under control [derzhat pod kontrolem]. That is, an enterprise would not just be management, not just the director, but would also be a kind of observation council which represents the interests of the state and of the proprietor and would be responsible for the final results.

What I mean is: There cannot be any unchecked economies, you see? There is no such thing today. And it's a nonsense in our economy, too. And until we create an independent autonomous system of management of any enterprise, including state enterprises, which would act on feedback and keep a close eye on the final results and thereby influence the leadership, I don't think anything will turn out right.

We must move more quickly in this direction. The significance of the measures carried out to turn enterprises into joint-stock companies lies in this to a considerable extent. All of this must be placed under the strict economic supervision of the owners, the proprietors of these enterprises.

[Lapina] Thank you. Then such situations....

[Khizha, interrupting] Then situations in which unearned income is received will not arise. I cannot say how much should be paid—R120,000, or maybe R520,000—because those who ultimately assess the activity of that director should decide that themselves. I think it would be correct to tie the earnings of leaders to an enterprise's final efficiency. All methods and principles for calculating the profits of enterprises must be reviewed urgently, because they are quite simply in a disgraceful state today.

Today, it is not at all clear what profits are, you see? So today, profits aren't characteristic of anything, and therefore they disorient the leadership of an enterprise, the economy as a whole, and the government. The concept of profit must be formulated clearly, and methods of calculating profits must be introduced and all the boons enjoyed by the leadership must be linked to these profits. There may be not be any at all, depending on the final results.

[Lapina] On the final product?

[Khizha] Yes.

[Lapina] Well, now we turn to the ruble. Bashkatov in Belgorod Oblast asks: How long will the ruble continue falling? Despite the forecasts, the ruble is continuing to lose its value. When will our money finally stabilize?

[Khizha] That's a very difficult question. I'm afraid we would need a special program to discuss that question, and we have only 45 minutes here. I could speak of the financial situation, of the ruble's situation alone, for the whole of such a program.

[Lapina] I'll take you at your word and invite you to take part in another program.

[Khizha] Fine. Thank you. It will be a pleasure to do that. But briefly, this listener's question is connected with everything I have said thus far. Until we separate enterprises from the state, from its budget, from that source of plenty, this situation will worsen. I'll just cite some figures. If the volume of production throughout the Union, measured in rubles, were to grow 15-fold thanks to price increases, the volume of money in circulation would grow by just 2.3 times, and today it is obviously insufficient to service that raging amount of money in circulation. All the remaining commodities in circulation have not been paid for, because they have been taken on credit. That is to say, these sums are practically debts owed by enterprises to each other, and that is simply giving interest-free credit to enterprises. In actual fact, industry itself generates means of payment which are not tied to real money.

We are now in a situation where we cannot hold back the volume of payment resources in the economy simply by controlling the volume of money in circulation, monetary credit, and the issuance of money. The latest measures connected with resolving insolvency are directed at solving all these problems. One of the main tasks here is to give every enterprise independent status in order to stop it from looking to the state's pocket.

[Lapina] Here are another two notes. I must read them out. Yuriy Petrovich Maseyev from Yaroslavl: Tell the president to revoke the decree on free trade. That has led to the present outright profiteering. [passage omitted on similar point raised by another viewer]

[Khizha] You know, there was profiteering when enterprises were forced to sell their products, at prices set by the state, at strictly fixed prices, because free economic structures were able to acquire them cheaply and sell them at whatever prices they wanted. The situation is different now. Today, enterprises themselves set the prices. Today they have the right to set the market price at which that product will be bought, and then when someone has bought that product he can go ahead and trade wherever he wants, on the pavement or in a store. So the situation is a bit different. That is no longer speculation, I assure you.

That there is a certain collision as far as the sale of vodka is concerned is another matter. The specialists must sort things out here. I'm not a specialist. I don't have anything to do with vodka so that question should be addressed to others.

[Lapina] Yes, every case individually. Ivanov from Murom asks: Regional services in the state standards committee [Gosstandard] are disintegrating. Specialists receive R1,500. What measures are you taking to put things right in the state standards committee?

[Khizha] Yes, the state standards committee is also subordinate to me just now and it has a rather energetic leadership. We are dealing with these issues in a very serious way. I think the state standards committee is quite capable of resolving all these questions it has been entrusted with, both in international organizations, and of resolving its problems here. As far as the wages of people in budgetary organizations are concerned, that is being monitored constantly [postayanno pod kontrolem], and I think we will amend that situation constantly.

[Lapina] [passage omitted] Speaking of armaments, don't you think that in the long run, the Russian bear will be left without its sharp teeth?

[Khizha] It is hard to disagree with this. More than that, since the disintegration of the Union, Russia has lost a sizable part of its modern armaments, for they are, or rather were, mostly stationed on the periphery of the Union and are concentrated to a fairly large degree in Ukraine, in Belarus, and in other adjacent states. As a matter of fact, there are much less modern armaments in Russia today than is required for defense sufficiency.

[Lapina] Thank you, Georgiy Stepanovich. There are many questions. Equally, there are many problems related to the conversion. In your opinion, is there any particular problem, which, if solved, could lead to disentangling the whole lot?

[Khizha] Don't get the wrong idea. I believe that one cannot single out one particular problem, one link, that when pulled, as Lenin said, will bring the whole chain out. However, there is a principle I have subscribed to throughout my life: I think that everybody must be given a chance to work, should be granted land, given the opportunity to make an effort, to search, to discover. Restrictions of various kinds must be removed. People should be given a chance to act. The state should undertake to regulate economic relations in the nucleus of the economy, which must support, akin to a skeleton, all the economic muscle. If we solve this problem, the economy will develop successfully.

The main thing, however, is that we must clearly define the national priorities of economic development, the structure of the economy. Much thought will be needed here, for this will not happen by itself. Take Japan, or Germany, or Korea. There is national uniqueness, there are national priorities of economic development, economic locomotives that power the entire economy of a country. Unfortunately, we have failed to get down to the main issue amid political storms—to solving these very problems. Today we are starting to tackle them. [passage omitted] I have no doubt that, just as Russia has always produced many bright minds, many intelligent people, we will discover them again. They will reveal themselves, and a beautiful future is awaiting Russia.

[Lapina] [passage omitted thanking Khizha again, summing up conversation]

Finance Official Examines Role, Policies

PM1109091992 Moscow ROSSIYSKIYE VESTI in Russian 5 Sep 92 p 3

[Interview with Leonid Grigoryev, chairman of the Foreign Investment Committee and deputy minister of finance, by Igor Petrov; place and date not given: "'My Role is That of an Honest Broker,' Leonid Grigoryev, Chairman of the Foreign Investment Committee and Deputy Minister of Finance, Considers"]

[Text] [Petrov] Leonid Grigoryevich, you have appeared in our newspaper on more than one occasion expressing your opinion on the economic transformations in the country. We would like to acquaint readers today with your views on certain problems affecting their lives and your attitude toward them so they have a better idea of you not only as a statesman but as a person.

How do those close to you react to your being invited to join Gaydar's team?

[Grigoryev] They do not like it. Especially my wife. She hardly sees me now, and you see we were only married two years ago, at the very time I was marking my silver anniversary as a bachelor. Now I'm only home to sleep. I have been offered other positions, but I refused them. The fact of the matter is that I am a specialist in the area of finance, corporations, and investment. For 20 years I worked on the American economy and problems of privatization and bankruptcy. I was brought in for almost all the reform programs—from Ryzhkov's "acceleration" to Yavlinskiy's "500 days." My first work on the reforms dates back to 1989, when I prepared my version of the law on joint-stock companies for the Committee for Reforming the Former Union Economy, in which, incidentally, there was a chapter on compulsory share selling, investment funds, and privatization—that is, the things which, in practical terms, we are seriously preparing to do today.

[Petrov] Do you not regret that your plans from that time were not implemented?

[Grigoryev] First, many of those proposals were fairly naive; we develop together with our problems. Now I see clearly the difference that exists between theory and the everyday practice of decisionmaking. Our experience proved useful: In the space of two years we have "gone through" a whole era.

[Petrov] You are calling on Western businessmen to invest capital in the Russian economy, but if you were an American millionaire, would you invest your hard-earned capital there?

[Grigoryev] Of course I would: The Russian market is rich and has a future. I am not in general a politician, I am more a professional. I know the problems these American corporations and private business have. In this case my role is that of an honest broker: To give both sides objective information without making anything for myself.

[Petrov] You could very easily call your position "lucrative." What do you think about corruption which the government is trying at present to get away from? Is there anything kind of insurance against it?

[Grigoryev] I consider that corruption occurs in a criminal environment when there are total shortages, when something is being divided up or shared out. This does not affect the majority of the apparatus. A slack bureaucrat may receive moral satisfaction but not material reward. What is more, for many people the old criteria on which their values were based—their "career targets," so to speak—have collapsed, and those whose morals are weaker grab at what is within reach, specifically the chalice of corruption.

As for criticizing the government, this is completely natural. The reform is proceeding in a troubled and painful fashion. In such a situation people will curse any government. But, you see, they curse it for different reasons: some because we are carrying out a market reform, others because we are doing this incorrectly, and still others because we may be doing this in the correct manner, but are ourselves useless. It is, nevertheless, necessary to differentiate the government's tactical mistakes from those steps which are objectively speaking necessary and forced on it.

[Petrov] You also have to be an administrator and to pick yourself a team. What qualities do you value in people?

[Grigoryev] The ideal qualities are well-known. What for me is fundamentally important is the quality of being able to seeing everything through to the end. An intelligent person who is capable of completing something that has been begun is what suits me. And, of course, professionalism. The only quality that I will not accept at all is arrogance and unfounded claims to a particular position.

[Petrov] Business is business, but you do have spare time. What do you do in it?

[Grigoryev] Here you have to differentiate between what used to be and what still remains. Earlier, I was keen on canoe touring, volleyball, and skiing, and even learned some karate. But now my former touring is more of a memory. If I have a spare moment I read anything that appeals to me. I go around every single art gallery and history museum in the countries that I have to visit.

True, there is one other thing I need to do—teach. My mom is an honored teacher of the republic, my grandfather was a teacher in a high school, and what is more he broke away from his background as a workman and passed his examinations as an external student at St. Petersburg University. I myself have been teaching for

about 25 years. I give lectures to school children and students, which is terribly difficult but very interesting.

[Petrov] What do think historians in the future will say about our times?

[Grigoryev] They will no doubt say that it was a dark age, such as Russia has lived through several times. This "darkness" is, however, of a particular kind. It is the beginning of our great country's revival. Therefore, I am an optimist from the historical point of view: After all, Russia's future rise depends on us alone.

Constituent Conference of Business Chamber Opens

LD1609142992 Moscow ITAR-TASS in English 1116 GMT 14 Sep 92

[By ITAR-TASS correspondent Yevgeniy Kleshkov]

[Text] Moscow September 14 TASS—The Russian Business Chamber, the constituent conference of which opened in Moscow today, will promote the return of Russia to the world market, the expansion of Russian import and the changing of its structure.

The conference is being attended by emigrants from Russia, who are now businessmen in many countries, by representatives of the government and Russian business circles.

"In conditions of a market-oriented economy the role played by state structures is passed over to the private sector," said Sergey Mamontov, chairman of the organising committee for the creation of the chamber. He is the great-grandson of Savva Mamontov, the well-known Russian industrialist who built the first railway in the country in the 19th century.

"Private and state-owned enterprises need verifiable information. In this situation Russian emigrants can help their compatriots not only with their business proposals, but also by representing their interests abroad and passing over to them the experience of work in conditions of a market-based economy," said Mamontov, now a citizen of Argentina.

According to Mamontov, it was decided to create the chamber at the World Conference of Russian Businessmen, held last May.

Number of Millionaires Grows as Business Booms

LD1609170492 Moscow ITAR-TASS in English 1344 GMT 14 Sep 92

[By ITAR-TASS writer Reinhard Krumm]

[Text] Moscow September 14 TASS—Business in Russia is blooming and as a result more and more people are becoming rich. A private sauna, a couple of businessmen, liquor and something to eat are the ingredients of successful business in Russia. Between sweating, relaxing and drinking contracts are negotiated. There is no difference anymore between hard currency and rouble millionaires, accounts in foreign countries are the norm.

There are celebrities among the rich who are well known, as Konstantin Borovoj, 44, former boss of Russia's first and one of the most successful stock markets, the Russian Commodity and Raw Materials Exchange, and now the leader of the Economic Freedom Party, German Sterligof, a youngster in his early twenties and founder of the Club of Young Millionaires, and Vadim Tumanov, 64, who spent years in prisons, a friend of the famous Russian bard Vladimir Vysotskiy. Tumanov organized the first independent gold diggers' companies in Russia.

Since 1987/88, professions as banker, broker, marketing director, cooperative manager and dealer, the generic term for all of which in Russian is "biznesmen", have been the springboard for the new rich. 2000 commercial banks have been founded in Russia and in Moscow alone there are now more stock markets than in Western Europe, the Russian word "broker" has become a synonym for being rich.

For the younger generation it is exciting to work 12 hours a day and get paid handsomely. People like Tumanov or the eye specialist Svyatoslav Fyodorov, 64, who owns a clinic and also does business in telecommunications, have long ago arranged themselves with the authorities. Their success ensured them special treatment. Tumanov's road construction collective was quicker than state companies and he was able to pay his workers a higher salary.

According to Mark Masarskiy, president of the Association of Chief Executive Officers, the word rich has a bad connotation in Russia, which has its roots in 70 years of communism. Becoming wealthy should be an aim, he said, and not a disgrace. Mikhail Khodorkovskiy, CEO of the Menatep financial group in Moscow, sees no difference between the USA and Russia regarding rich people, "you just have to see it in comparison. Somebody as rich as Donald Trump is unpopular, in New York as also in Moscow".

But in general the majority of the rich don't show what they have. Their homes are as plain as those of ordinary Russians and only small hints show the differences: Japanese TV sets, German coffee machines, French cognac, international airline tickets and three or four locks on the door. Some have foreign cars and wear Italian suits. The anecdote about the Russian farmer with one cow, who sees his neighbour with two cows and will rather kill the man's second cow than try to get another one for himself explains the fear. The rich, as a result, avoid to talk about their wealth, even Borovoj, according to a Russian newspaper, denies that he is a millionaire.

Olga Makarenko, one of the few businesswomen in the country, stresses the generation gap of the rich and the different ways of doing business. "The old generation prefers solid business, which for them means producing.

The younger generation is more interested in the transfer of money, buying and selling. The older generation calls that "profiteering, or speculation", which in their mind is very close to being criminal."

Most of the rich started their businesses under Gorbachev. They borrowed the first money from friends, asked banks for a credit or had access to state money but this does not fully explain how the first millions of investments were made. Rumours are circulating that party money was involved but so far no documents have been published. Leonid, a businessman who wants to keep his anonymity, said during an interview that practically every rich man he knows is involved in illegal acts. "There is no way to start a business without 'help'".

For the rich Russians their homeland is the place to be. The environment gets more Westernized as business clubs are opening. Russian airlines offer special business airfares, sanatoriums of the former Communist Party open their doors in the Crimea for vacationing biznesmen, a golf club in Moscow offers the American way of doing business and designer fashion shows and gallery openings are a meeting place for the wealthy.

But there are complaints. The state laws don't change as quickly as the business environment changes. The bank system is still centralized, it can take weeks for money transactions to go through, there is uncertainty about the finance policy of the Russian Government and its Central Bank (as the rouble keeps diving) and the bureaucracy has even increased under Yeltsin. Instead of asking one person for a signature, you now have to ask three people, says Roman Vetrov, a broker.

But most of the rich support the policy of Russian Prime Minister Yegor Gaydar. They see economic freedom and foreign investment as essential to rebuild Russia's economy. An exception is Vladimir Dubov, 34, a millionaire from the city of Perm. He accuses the new class of businessmen of exploiting and selling Russia off to the West without as much as a thought for the Russian people. Dubov, who owns land and property in the Urals is more interested in producing and investing in Russia. He sees the welfare system as in danger of collapse, which will leave millions of people utterly without help, and he says the Russian Government is not working for the people but against them. "The government has to give its people an idea of what to work for. Without that the people are lost."

The political and social quandaries do not seem to bother most of Russia's rich. They are optimistic and don't expect a severe crisis in the near future. But, as one businessman puts it, "if it gets real bad, we always have a bank account abroad."

Supreme Soviet

Party Advocates Dissolution of Supreme Soviet

OW1609142292 Moscow INTERFAX in English 1319 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] The party of economic freedom stands for dissolution of the Supreme Soviet and the Congress of the Russian People's Deputies and for a convocation of a constituent assembly, a co-chairman of the party, Konstantin Borovoy, said at a press conference on Wednesday [16 September] in Moscow.

He believes that the Supreme Soviet and the Congress are preparing to suspend political and economic transformations in the country, a resignation of the president and the government and a return to a totalitarian communist or fascist state. According to Borovoy, the majority of the population sticks to the same opinion.

Borovoy believes that a referendum can legally dissolve the Congress and the Party of economic freedom intends to put forward this proposal.

At the press conference Borovoy reported conference that a well-known physician-ophthalmologist and businessman Svyatoslav Fedofov promoted by the party to the post of the Moscow Mayor has not yet given his consent to participate in the elections.

Parliament Officials on Defense Bill, Roles

LD1609085292

[Editorial Report] Moscow Russian Television Network in Russian at 1500 GMT on 15 September broadcasts a program entitled "Parliamentary Herald," presented by Russian People's Deputy Sergey Nosovets, which includes interviews with officials from the Supreme Soviet subcommittees on the Armed Forces and Questions of International Security and Intelligence. Nosovets says that on the eve of the upcoming session everyone is interested in the work of the Committee of the Russian Supreme Soviet for Questions of Defense and Security, especially as these structures concerning defense and security are just being formed. He says this process has to be stepped up.

In his interview with A. Yu. Tsarev, chairman of the Subcommittee of the Russian Supreme Soviet for Questions of the Armed Forces, Nosovets asks him what legislative acts are being drafted now. Tsarev says that a draft Defense Law, which was sent back by the president, is being prepared for fresh examination. We are drafting the Supreme Soviet resolution on interpreting the provisions of the law on the dismissal of officers upon their own wish. We will draft for a second reading the law on military service. The bill on the status of servicemen was found to have many shortcomings and needs more work, Tsarev adds.

Asked if the president vetoed the defense bill because it did not contain any hint of military reform, Tsarev says no, there was no mention of this in the president's note. He adds that Nosovets certainly cannot accuse them of being opponents of reform.

A.G. Beloborodov, deputy chairman of the Subcommittee of the Russian Supreme Soviet for the Armed Forces, and chairman of the Subcommittee of the Russian Supreme Soviet for Cadre Policy, is asked about his work on supervision of the security bodies and special services. He says control of special services is a tough question, but in accordance with the 21 February resolution of the Supreme Soviet, the Parliamentary Commission which is engaged in supervision of the Ministry of Security was formed. We are now starting to check the Foreign Intelligence Service. We will eventually be checking the Federal Agency for Government Liaison, the Chief Intelligence Administration of the Ministry of Defense, and the Ministry of Internal Affairs, Beloborodov states. He says our Interparliamentary Commission includes representatives of the Supreme Economic Council and the Committee for Legislation and Human Rights. He says the Commission has a legal basis to work within the form of the Law on the Ministry of Security and the Law on Foreign Intelligence. Some deputies say intelligence is not needed but this is a delusion, and Yevgeniy Mikhaylovich, a member of the Commission, will bear me out, Beloborodov stresses.

Yevgeniy Mikhaylovich Kozhokin, chairman of the Subcommittee for Questions of International Security and Intelligence, is then shown. He refutes rumors to the effect that there is to be a merger of the Foreign Intelligence Service with the Ministry of Security. He speaks against cuts in state services accross the board, because although people who work badly should be cut, it is wrong to get rid of the the best skilled people. He says legislation should be speeded up. There is a need for a state secrets law, which is being worked on and which should be adopted shortly.

Kozhokin speaks of the work done by the Committee in organizing the ratification of the treaty on the reduction of strategic offensive weapons. As it is a treaty between the United States and the former Soviet Union, now the number of signatories has increased to include Kazakhstan, Ukraine, and Belarus. So additonal agreements are needed between Russia and Ukraine, Belarus, and Kazakhstan. Now a quadrilateral meeting is planned, and the sooner it takes place the sooner we will achieve ratification, Kozhokin states.

Regarding the demands of Lieutenant Colonel Alksnis and Makashov concerning conditions for servicemen, Tsarev says it is impossible for the Army to become an elite as some might like, because it consists of millions of people. Kozhokin says that with regard to troop withdrawals, this requires a lot of effort and the withdrawal timetables depend on economic possibilities. We have to stand up for the interests of the servicemen as citizens of Russia, he adds. He says in conclusion that the date of 6 February 1994 mentioned by the foreign minister has been revised as regards Lithuania, but I think for Latvia and Estonia perhaps the previous date should remain.

Deputies Criticize Reform Coalition Tactics

PM1609085592 Moscow ROSSIYSKAYA GAZETA in Russian 11 Sep 92 First Edition p 2

[Unattributed report: "They Disagree With Reform Coalition's Position. Group of Russian People's Deputies Makes Statement"]

[Text] During a news conference on the topic of "Preparations for the Fifth Session of the Russian Federation Supreme Soviet," the statement says, the parliamentary Reform Coalition accused Parliamentary Speaker R.I. Khasbulatov of usurping legislative power in an authoritarian manner and concentrating it in the hands of one man, and also of violating human rights. This statement basically signals the start of yet another campaign to hound the Supreme Soviet chairman, being essentially an attempt ahead of the session to influence the decisions it adopts.

While speaking on behalf of the people, certain deputies from this faction have in fact not been reflecting the opinions of their voters for some time, and have merely been whipping up an unhealthy attitude to economic reform.

"We will not permit stratification within the body of deputies, and regard the behavior of the parliamentary Reform Coalition as an irresponsible act that could lead to consequences which endanger society," the deputies' statement says.

Socialist Working Party on Goals for Session

MK1609130292 Moscow NEZAVISIMAYA GAZETA in Russian 16 Sep 92 p 2

[Report by Anna Krayevskaya under the "Facts, Events, People" rubric: "Russian Socialists' Plans"]

[Text] On 14 September the cochairmen of the Socialist Party of the Working People [SPWP] held a news conference pegged to the Russian Federation Supreme Soviet session which opens in a week's time.

The SPWP leaders outlined their plans for the session: The SPWP has two-thirds of the seats in the "Communists of Russia" faction. In terms of its basic positions the SPWP intends to display solidarity with the "Civil Union" bloc-faction.

Ivan Rybkin, SPWP cochairman and member of the Supreme Soviet, announced his faction's protest against the campaign mounted by democrat deputies against parliamentary speaker Ruslan Khasbulatov. Rybkin believes that at the start of the session the people's elected representatives should meet in a closed sitting in order to clarify relations and not hinder their future work.

Supreme Soviet Prepares Draft Law on Moscow

LD1709032192 Moscow ITAR-TASS in English 1956 GMT 16 Sep 92

[By ITAR-TASS correspondent Ivan Novikov]

[Text] Moscow September 16 TASS—The Russian parliament is completing its work on a draft law "On the City of Moscow—the Capital of the Russian Federation", which is likely to be submitted for the consideration of the fifth session of the Supreme Soviet in October, Mikhail Mityukov, chairman of the parliamentary Committee on Legislation, told ITAR-TASS.

"This draft law was already discussed at the previous session of the Supreme Soviet and was even adopted at the first reading but it needed essential elaborating," Mityukov explained. With that end in view, by a joint order of the Russian president and the chairman of the parliament, a special commission was set up to work out proposals on the status of Moscow, and it elaborated the draft law.

"This document contains nineteen articles, and proceeds from the double status of Moscow—as a city of a federal subordination, a subject of a federal treaty, and as the capital of the Russian Federation. We think it reflects well enough peculiarities of the system of delimiting jurisdiction of state power bodies of the city, and authority of the Moscow Council and the administration. At the same time, some of its clauses do not quite correspond to the spirit and letter of the Russian Constitution and the existing legislation", the chairman of the committee noted.

Specifically, the draft law contains some limitations of Moscow's jurisdiction as compared with that of territories and regions of the Russian Federation. Mityukov calls "not quite correct" Article 11—on state power bodies in Moscow dealing with the number and professional basis of activities of the Moscow Council's deputies: According to the draft law, the Moscow Council must consist of only fifty deputies.

One can agree with it conceptually: councils must be small, the chairman of the committee commented. But in this case such a norm contradicts with the election law, which determines quite a different number of members of the Moscow Soviet of People's Deputies. We will have to remove this and other contradictions in the draft law, Mityukov stressed.

Commission To Study Post-Chernobyl Problems

PM1409095392 Moscow ROSSIYSKAYA GAZETA in Russian 10 Sep 92 First Edition p 1

[Unattributed report: "Russian 'Chernobyl'"]

[Text] A parliamentary commission has arrived in Bryansk Oblast to analyze the implementation of the measures to eliminate the consequences of the Chernobyl disaster—measures that were outlined following the trips to the oblast by B. Yeltsin and R. Khasbulatov—and the corresponding state program.

The commission comprises members of the Russian Federation Supreme Soviet, representatives of the "Chernobyl-Aid" social organization, and experts on radiation ecology. The commission plans to deliver a report on its trip at the end of September at a Supreme Soviet session especially dedicated to post-Chernobyl problems.

Regional Affairs

Sakhalin Governor Deems Lease of Island Normal

PM1709102792 Moscow KOMSOMOLSKAYA PRAVDA in Russian 15 Sep 92 p 1

[Interview with Sakhalin Governor Valentin Fedorov by A. Dobrov in Yuzhno-Sakhalinsk, date not given; carried under the "First Persons" rubric: "Sakhalin Governor Valentin Fedorov: Islands Are Not Being Sold. But They Are Being Leased"—first paragraph is introduction]

[Text] On 12 September the scandal on account of the cancellation of Yeltsin's visit to Japan was augmented, it seems, by another one—part of one of the disputed islands has been leased to a Hong Kong firm by a decision of Sakhalin administration. We approached Sakhalin Governor Valentin Fedorov for an explanation.

[Dobrov] Valentin Petrovich, is not the statement on the leasing of part of the Kuril Islands' territory connected with the cancellation of President Yeltsin's visit to Japan and a cooling in Russian-Japanese relations?

[Fedorov] We can only welcome the president's decision not to go to Japan, because the pressure from the Japanese side had taken on an undisguised character. In the end we demonstrated our national dignity. The president must now take the second step by dismissing all the people who led us into this situation and purging the government of the pro-Japanese lobby. The Kurils are ours and will remain ours.

Yes, we have leased 278 hectares of land on Shikotan to Hong Kong, specifically to Carlson and Company, for 50 years. This is normal. They will be constructing various establishments, roads, and cultural facilities there. And there is general talk of blazing a trail from China to the Kurils. This is a sensation for Russia.

[Dobrov] Will the Hong Kong firm obtain the right to extract the Kurils' natural resources?

[Fedorov] Why not? After all, we have specified with them what they must do on these territories. If what we have agreed is fulfilled, when the lease expires we will possibly extend it for the same period.

Postscript. At the time of this conversation there had been, according to the governor, no reaction to this contract from the Russian Government.

Other Far East Leaders React

PM1709104592 Moscow IZVESTIYA in Russian 16 Sep 92 Morning Edition p 2

[Report by Boris Reznik: "Vice Governor of Sakhalin Admits that Land on Shikotan Has Been Leased to Unknown Firm"]

[Excerpts] Khabarovsk—The report that the administration of Sakhalin Oblast has leased 278 hectares of land on Shikotan island for 50 years to Hong Kong firm Carlson and Kaplan is really a world sensation. But journalists from Japan, the United States, and South Korea rang only the Far East office of IZVESTIYA to find out the details of this deal....

Generally speaking it is a small contract, and news about it would not have carried beyond the rayon or the oblast had it happened somewhere else. But these are the Kuril Islands. It is a small area of land which has become the Achilles' heel of big-league politics. Many observers tend to view the fact that the contract was signed quietly without coordination with the Russian leaders on the eve of B. Yeltsin's proposed visit to Tokyo as an unprecedented challenge by Sakhalin's governor, Valentin Fedorov, to the Russian leadership's policy on the solution of the South Kuril problem. Furthermore, the contract was approved not by Fedorov himself but by his especially trusted deputy Viktor Sirenko, the ideologist behind many of the transformations on Sakhalin. He gave IZVESTIYA an exclusive interview today.

[Reznik] Viktor Sergeyevich, on 12 September, two days after the contract was approved, you appeared on the live program Red Square [Krasnyy Kvadrat] on Ostankino television and discussed the Kurils problems and the reasons why Yeltsin's visit to Japan was postponed. Why did you not say a word about the Shikotan land lease?

[Sirenko] Because the moderator did not ask me about that and I personally do not consider this a major event. [passage omitted]

[Reznik] Why was the contract approved with such haste? There could have been different, more civilized ways of gathering information on the reliability and creditworthiness of the partner.

[Sirenko] Our age-old Russian tardiness is often a hindrance in business. After all, how do the Hong Kong people work? In the morning they fly to a country, in the afternoon they register a firm, in the evening they begin production.... [Sirenko ends]

The decision to lease land on Shikotan produced conflicting reactions from leaders of krays and oblasts in the Far East.

Albert Krivchenko, head of the Amur Oblast administration.

In principle, I support this approach to the solution of economic tasks. We must actively attract foreign capital by our own efforts and use it to develop territories. We realized long ago that we cannot expect charity. Many foreigners visit us in Amur Oblast, too, but at the moment are simply afraid to invest here. As for the case of the lease of land on Shikotan, I am very disturbed by the amount of money in question—200 million, not dollars but rubles. That is what I do not understand.

Viktor Ishayev, head of the Khabarovsk Kray administration.

My attitude toward this event is sharply negative. I believe that this sets a very bad precedent for other territories. In addition, it is to say the least very disrespectful and impolite toward our president.

International Affairs

Leader Visits to EC, UK Try to Bolster Relations

PM1709111992 Moscow IZVESTIYA in Russian 16 Sep 92 Morning Edition p 5

[Report by Aleksandr Sychev: "Leonid Kravchuk Not Counting on CIS"]

[Excerpt] [Passage omitted] Ukrainian Foreign Minister Anatoliy Zlenko has gone to London to meet with Foreign Secretary Hurd and also to have talks at the Treasury, the Trade and Industry Department, and the Defence Ministry. The agenda for the conversations has not been made public. However, we do know about one instruction from Ukrainian parliamentary deputies which Zlenko, according to news agency reports, said with a smile that he had no intention of omitting from the agenda of his London talks.

Some Ukrainian deputies seriously intended demanding that Britain return the Ukrainian gold which Hetman Pavlo Polubotok is supposed to have sent to London for safe-keeping in 1724 for fear that it would be seized by the "Muscovites." Now Ukraine is independent, and no one is threatening that gold, deputies believe. Someone has even calculated that at just 1 percent interest, the British would have to pay $300,000 per Ukrainian inhabitant, and there are around 52 million of them. I do not know whether these are serious hopes or whether the Ukrainian parliamentarians are joking, but two years ago the Bank of England opened the archives and found no evidence of the Ukrainian gold.

Ukrainian President Leonid Kravchuk has ended his visit to the EC Commission in Brussels. It is hard to say whether he achieved all that he wanted. In any event he is not going back to Kiev empty-handed—the EC has granted Kiev $100 million in financial aid for the conversion of the military industry.

In addition, Kravchuk and EC Commission President J. Delors signed a joint statement expressing the intention to move mutual relations between the EC and Ukraine to a permanent legal footing. They could have signed a trade agreement, too, but a problem apparently arose with translating the text of the document into Ukrainian. The treaty will be signed later.

The Ukrainian president apparently also secured the support of F. Andriessen, vice president of the EC Commission, for the earliest possible opening of talks on "partnership and cooperation."

After the talks with Delors, Kravchuk told the press that he wants to bridge the alienation gap between Ukraine and the West. "We must follow our natural roots," he said, stressing that the country was once the geographical center of Europe. Kravchuk also noted that the reforms in the CIS are hardly going to succeed. The Commonwealth, unable to settle ethnic conflicts in a number of republics, cannot resolve economic problems either. "The CIS is not a serious or viable community," the Ukrainian president said, according to AP.

National Affairs

Supreme Soviet Agrees to Join Treaty Convention

LD1709115192 Moscow ITAR-TASS World Service in Russian 1034 GMT 17 Sep 92

[By UKRINFORM correspondent Viktor Demidenko for TASS]

[Text] Kiev, 17 Sep—A decision was adopted today at the session of Ukraine's Supreme Soviet on Ukrainian accession to the Vienna Convention on the legal succession of states with regard to treaties. It was stressed at the sitting of parliament that the adoption of the document was approved because the present convention regulates a complex set of problems concerning practical implementation of norms and rules on legal succession in that sphere of international relations during the break-up and the appearance of new independent states.

The convention contains the essential international and legal bases for the introduction of a sovereign Ukraine.

Deputies Worry About New Privatization Law

OW1609192292 Moscow INTERFAX in English 1809 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] At an evening session of the Ukrainian parliament Wednesday [16 September], the discussion centered around the already passed law on privatization. Several deputies expressed their fear that a rushed wave of privatization could destroy Ukraine's economy, and that privatization of individual enterprises would lead to the disruption of technological chains.

Those who spoke out believe that everything will be bought up by black marketeers and foreign capitalists for next to nothing.

Several Supreme Soviet commissions were assigned to summarize the proposals and the observations made by the deputies and to again introduce for examination the list of establishments owned by the state which are subject to privatization.

The Supreme Soviet passed a resolution on the establishment of a temporary parliamentary commission for resolving matters of economic reforms. The commission will analyze the activities of state organs of power on the realization of reforms and develop recommendations on the accordance of the activities of the region's legislative and executive powers.

Deputy chairman of the Ukrainian Parliament Vladimir Grinev was elected chairman of the commission.

Chernobyl Generators Being Reactivated in Oct

OW1609185292 Moscow INTERFAX in English 1809 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] The first and third generators of the Chernobyl nuclear power station are to be reactivated in October of this year. The main engineer of the nuclear power station made this statement in an interview with Kiev journalists today.

These generators were shut down following an incident in the Leningrad nuclear power station when the back-up safety valve in the working reactor failed. A consequent check-up of the same equipment in the Chernobyl reactors established the presence of similar microscopic cracks in the majority of safety valves.

Chernobyl power station personnel are currently replacing the parts, but the reactor is as of yet not supplied with the valves because they are imported into Ukraine from Russia.

Clash at Parliament Building Leaves 15 Injured

OW1609184992 Moscow INTERFAX in English 1808 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] Fifteen victims were officially registered following clashes between picketers and OMON [special purpose militia detachment] forces in front of the Ukrainian parliament building in Kiev Tuesday [15 September]. Four of them have been hospitalized, according to the press service of the President's spokesman in Kiev.

According to unverified information injuries were also sustained among the OMON troops.

Current Grain Harvest Will Meet National Needs

OW1609192792 Moscow INTERFAX in English 1809 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] The Ukrainian Statistics Ministry prepared an express report on the grain harvest's progress. It states that grain and grain culture harvests, excluding corn, is nearing completion. As of today some 36 million tonnes of grain have been gathered on 12 million hectares of land.

The Ukrainian harvest is currently yielding over 30 metric centners per hectare. Forecasts project over 41 million tonnes of grain, including corn, will be harvested this season. This is enough to fully provide the Ukrainian population with bread. According to Ukrainian cabinet Ministers, part of the grain could be exported.

Miners Blame Banks for Economic Collapse

PM1709084792 Moscow PRAVDA in Russian 12 Sep 92 p 1

[Report by correspondent Boris Glotov: "'Ukrainian Bankers' 'Quiet Strike'"]

[Text] Donetsk—The telegram from the miners of the "Donetskugol" association to Ukrainian President L. Kravhuck, signed on behalf of the many thousands-strong collective by general director V. Ilyushenko, can be described not as a cry but as a howl of despair.

The situation at the Donbass mines is, without exaggeration, catastrophic, and the coal industry is on the verge of paralysis. The point is that the miners, in fact long ago, ceased to receive the necessary volume, the equipment without which it is impossible to perform mining work. All this equipment is failing to arrive mainly because the mines cannot pay. This year debtors owed the "Donetskugol" association 6 billion rubles and the miners themselves were endebted for almost the same amount to their own suppliers.

The majority of coal enterprises are on the verge of financial collapse and so far, the miners have been unable to pay off the loans which were received from the banks to pay the wages for July this year.

The miners put the blame for what is happening on the National Bank of Ukraine and its local branches. They cannot ensure the normal movement of monetary assets. Where, in what country of the world, the telegram says, does transferred money fail to reach a partner in six weeks? The miners believe that the banking system should immediately rectify the situation and make good the losses caused to enterprises.

National Democratic Forces Stage Lutsk Congress

LD1509094892 Kiev Ukrayinske Radio First Program Network in Ukrainian 0500 GMT 13 Sep 92

[Text] The Congress of National Democratic Forces of Volhynia met yesterday in Lutsk. Representatives of nearly 30 political parties and public organizations of the oblast took part in its work, in particular, the Ukrainian Republican Party, the Democratic Party of Ukraine, the Brotherhood of the Ukrainian Insurgents Army Warriors, and the Union of Ukrainian Women.

The meeting adopted a number of appeals and statements to the leadership of Ukraine and the oblast, particularly concerning the religious situation in Volhynia, the dishonoring of monuments of history and culture of the Ukrainian people, and the creation of Volhynia university. The political resolution of the Congress of the National Democratic Forces of Volhynia stated that the demand for Ukraine to leave the CIS immediately, for the suspension of powers of the Supreme Council, for holding early elections on a multiparty basis, and for the speediest adoption of the new constitution of Ukraine are among its main objectives. There is

also a demand to President Leonid Kravchuk, for the immediate resignation of Volodymyr Blazhenchuk, his representative in Volhynia oblast.

The delegates elected the council of the congress. The first event will be the deputies' council [Viche] which will take place on Kiev Square in Lutsk.

Democratic Party Calls for Constitution Adoption

LD1609092192 Kiev Ukrayinske Telebachennya Television Network in Ukrainian 1600 GMT 14 Sep 92

[No video available]

[Text] Yesterday a sitting of the Democratic Party National Council was held. The National Council spoke for the Supreme Soviet adopting the Ukraine Constitution and the new law on elections as soon as possible, after which the election of bodies of state power at all levels should be carried out. Heads of local and regional soviets should be elected through direct general election. The Supreme Soviet must immediately implement its decision on the radical restructuring of the government, along with the resignation of the prime minister.

The resolution calls on political parties and public organizations to concentrate their efforts on constructive participation in the work of creating a state, on strengthening the structure of civil society, and on preparations for elections of a new parliament and other bodies of power. The party council has assessed the draft of the new Ukraine Constitution as the one, which in total, lays a good legal basis for creating a democratic legal state and civil society. A whole number of critical remarks were expressed.

In the resolution on the state of the Democratic Movement, the council approved the creation of the coalition of the Democratic Party of Ukraine, the Ukrainian Republican Party, and the Congress of National Democratic Forces. The Congress has been described as an association of the organizations which, instead of destructive radicalism, propose a positive program of creating an independent democratic state and civil society.

Government Faces Three Options on Constitution

OW1609142792 Moscow INTERFAX in English 1321 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] Ukraine's Procurator-General Viktor Shishkin who is a member of the Ukrainian Constitutional Commission said on Ukrainian TV Tuesday [15 September] that Ukraine may choose between three ways of adopting the constitution—by the parliament, by the constitutional assembly and by a referendum.

He believes that the constitutional assembly should include members of parliament and elected representatives of the local governments. State Legal Adviser Aleksandr Yemets thinks that the constitutional assembly should be elected nationwide.

Rukh Pushing for Parliament Dismissal Referendum

OW1609192592 Moscow INTERFAX in English 1808 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] If initiating groups register on September 17 to conduct a referendum on the early suspension of the Ukrainian Parliament's powers, a campaign will begin to organize the action. This was announced Wednesday [16 September] in Kiev at a press conference by one of the co-chairpersons of Narodna Rukh Ukrayina ("Ukrainian People's Movement") Vyacheslav Chernovil.

According to Chernovil, the initiators of the referendum are two of the republic's powerful political forces—Narodna Rukh Ukrayina and the united economic reformers of Novaya Ukrayina" ("New Ukraine").

Chernovil reported that in order to conduct a referendum they would need to collect 3 million signatures within 3 months—which could be achieved, for example, from just the western regions of the republic. Opposition to the referendum has already begun from the Ukrainian president's regional and district representatives, said Chernovil.

Workers Solidarity Meets in Kiev; Plans Actions

LD1609161692 Kiev Radio Ukraine World Service in English 0000 GMT 14 Sep 92

[Text] A sitting of the Coordination Council of the All-Ukraine Amalgamation of Workers' Solidarity was held in Kiev. The participants analyzed readiness for the beginning of an all-Ukraine action "We Demand Changes". It is being envisaged that this event is due to begin on 20 September with a meeting of protest in five regional centers Ternopol, Poltava, Donetsk, Cherkassiy, and Lugansk. Corresponding applications have already been submitted in these cities to the regional state administrations. The participants of this action, it was decided at the sitting, demand the resignation of the Cabinet of Ministers of Ukraine headed by Vitold Fokin, the withdrawal of our republic from the Commonwealth of Independent States, termination of the price rise and reduction of work places. It is planned to hold a similar action in Kiev on 17 October.

Citizens Asked to Report Crimes Anonymously

AU1509145892 Kiev Radio Ukraine World Service in Ukrainian 1210 GMT 15 Sep 92

[Text] Ukraine's Security Service in Lvov Oblast has organized a confidential telephone line. The crime situation in the region is becoming increasingly complicated, and the number and scope of crimes are increasing, said Colonel Valeriy (?Borovyk), chief of the department for combating corruption. Many people know about violations of the law, but they do not want to turn to us officially. We are asking them to inform us, even anonymously, about the facts alone by dialing our telephone that works around the clock.

Belarus

Shushkevich Briefs German President on Food Needs

LD1609180992 Moscow ITAR-TASS in English 1628 GMT 15 Sep 92

[By ITAR-TASS correspondent Aleksey Korinenko]

[Text] Bonn September 15 TASS—Chairman of the Supreme Soviet of the Republic of Belarus, Stanislav Shushkevich, who is on a current visit in the Federal Republic of Germany, met today in Bonn with German President Richard von Weizsacker.

According to a spokesman for the office of the federal president, Stanislav Shushkevich informed the German side of difficulties with supplying the population of the republic with food products as a result of a drought. However, on the whole the situation in Belarus is relatively favorable as compared with that of other Commonwealth republics, the head of the Belarusian parliament stressed.

Shushkevich also confirmed that Belarus intends to stay in the rouble zone for a long time.

Describes Basis for Mutual Relations

LD1609202892 Moscow ITAR-TASS World Service in Russian 1225 GMT 16 Sep 92

[By ITAR-TASS correspondent Aleksey Korinenko]

[Text] Bonn 16 Sep TASS—"We are building a law-governed state and are in need of humanitarian aid," Belarusian parliament chief Stanislav Shushkevich told a news conference here today.

"We want to build our relations on the basis of partnership. By humanitarian aid we mean highly intellectual assistance in diplomacy, legislation, the establishment of an infrastructure abroad, consulting in economic restructuring, management, and other matters where our knowledge by virtue of our previous history has been considerably distorted," Shushkevich said.

The Belarusian parliament chief has had meetings with German President Richard von Weizsaecker and Foreign Minister Klaus Kinkel and is to have talks with the ministers of justice, finance and economics.

The results of the meetings so far make it possible to say that the problems being encountered by Belarus are understood in Germany, which has taken up a rather well-intentioned attitude to the republic.

Journalists took interest mainly in prospects for further cooperation between Germany and Belarus. Kinkel, when he was justice minister, is known to have suggested a program of German assistance to the republics of the former Soviet Union, envisaging among other things, consultations with German experts' in very diverse fields. German experts have already examined a draft constitution of Belarus. New projects have also been mapped out in the fields of culture, education, and humanitarian cooperation.

According to Stanislav Shushkevich, Belarus will continue to remain in the ruble zone. Of course, the building of a sovereign state requires the introduction of a national currency. However, if one is to consider that Belarus supplies to Russia up to 80 percent of its industrial output and receives from it practically all the oil, gas, and many other raw components, one should carefully think it over and weigh up all the pros and cons. The introduction of a national currency would complicate relations with the states within the ruble zone and would reduce the volume of supplies. This is why we continue to strive to stabilize the ruble.

We are convinced, Stanislav Shushkevich noted, that if all the states in the ruble zone fulfill the obligations which they have undertaken within the CIS framework, the convertibility of the ruble would become a reality. For the sake of this, Belarus is prepared to accept the inevitable temporary difficulties. However, if we do not see the full cooperation, we shall have to introduce our own currency.

The proposed plans to create a confederation within the framework of the CIS were not overlooked during the news conference. Here too, Stanislav Shushkevich expressed his personal opinion. "My view of this question is different from how the newspapers have been writing about this recently," he said. "We missed out on the question of creating a confederation in 1990, and since 1990 it has been difficult to return to it. Unfortunately, even in 1991 the USSR president did not accept the advice on this question. I think that a confederation is not possible at the moment. I, at any rate, have no powers from the parliament to sign documents on any closer interaction than what we maintain within the framework of the Commonwealth.

"I believe that if the agreements concluded within the CIS framework were observed, the question might come up again. At the moment we should try to achieve truly lawful relations on the basis of the documents already signed, and not to go further."

Stanislav Shushkevich used the occasion to introduce Petr Sadovskiy, chairman of the parliamentary commission on international affairs and foreign economic relations, who, in the near future, will arrive in Bonn as the ambassador of the Republic of Belarus. The appropiate decision has already been made.

Prime Minister Hopes for Treaty With Kazakhstan

LD1609182892 Moscow ITAR-TASS in English 0741 GMT 15 Sep 92

[By BELINFORM correspondent Valentina Menshikova for TASS]

[Text] Minsk September 15 TASS—Belarus and Kazakhstan are expected to sign a bilateral treaty of cooperation in Alma-Ata today.

"We are particularly hopeful for the resumption of economic and trade links", Belarusian Prime Minister Vyacheslav Kebich told BELINFORM on the eve of the Belarusian government delegation's departure for Alma-Ata.

Kebich said that an agreement had already been achieved on the purchase of two million tonnes of Kazakh grain by Belarus at stock market prices. "In exchange we shall supply TV sets, refrigerators and 10,000 tractors for sale in Kazakhstan," Kebich said.

Kebich also said that two Belarusian battalions are now taking part in the grain harvest in Kazakhstan. "Local authorities have asked us to leave our servicemen there for another month. They will pay in grain," Kebich said.

Moldova

Defense Minister Appointing Dniester Commanders

OW1609134792 Moscow INTERFAX in English 1318 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] The state of emergency was lifted in Transdniesteria at 5:00 a.m. today. This, according to the relevant decree of the President of the Dniester Moldovan Republic, Igor Smirnov, was done at the recommendation of the joint monitoring commission of the peacekeeping forces and taking into consideration the fact that the state of emergency had also been lifted on Moldovan territory.

The Defense Minister of the Dniester Republic has been instructed to appoint garrison commanders and commandants for Transdniesterian towns and districts, and staff the commandants' offices with the assistance of local administrations before September 20.

Ministry Protests 14th Army General's Remarks

LD1709101992 Moscow ITAR-TASS in English 0941 GMT 17 Sep 92

[Text] Chisinau September 17 TASS—The Moldovan Foreign Ministry resolutely protested on Thursday at "abusive attacks against the Moldavan people and their sacred objects", which were made by Commander of the 14th Russian Army Aleksandr Lebed in his interview with the Ostankino TV company.

The MOLDOVA-PRESS news agency reports that the republican foreign office described "political appraisals and recommendations by the vitriolic general" who called the Moldovan national flag a "fascist banner", "crude interference in the domestic affairs of a sovereign state".

The document notes that the Foreign Ministry "repeatedly called the attention of Russian authorities to the inadmissibility of the vulgar general's outrageous behaviour who actively participates in political events staged by the illegal structures in the Dniester area".

"The blunt statement by the Russian general that the 14th Army 'will hold to the end', while the intergovernment talks on its status and a timetable for its withdrawal [words indistinct] blackmail and pressure", the Ministry's statement says.

The absence of the appropriate response from the Russian side to the general's actions can be regarded as a confirmation that the Army commander "fulfils political orders from conservative quarters in the Russian leadership", the news agency notes.

The Moldovan Foreign Ministry demanded that all measures should be taken to prevent the interference of the 14th Army command in Moldovan (?foreign affairs) and to ensure its complete neutrality.

The statement stresses that such measures would promote "the normal development of cooperation between Moldova and Russia, including cooperation in a political settlement of the conflict in Moldova's eastern areas".

Talks Open With Russia on 14th Army Status

LD1709111392 Moscow Mayak Radio Network in Russian 1000 GMT 17 Sep 92

[Text] The latest round of talks between Moldova and Russia on the status of the 14th Russian Army stationed in the Dniester region and conditions for its withdrawal is being held in Chisinau. The meeting is being held behind closed doors. Mircea Snegur is in favor of working out specific dates for the withdrawal of the Army during the talks. He stresses that nothing threatens the population of the Dniester region, and it has guarantees in case the political course of the Republic of Moldova changes.

Peace in Dniester Bodes Well for Pullout

OW1709110892 Moscow INTERFAX in English 1009 GMT 17 Sep 92

[Following item transmitted via KYODO]

[Text] The leaders of the delegations to the Russian-Moldovan talks on the status of the 14th army and the timeframe of its withdrawal from Moldova are convinced that with the end of the armed conflict in the Dniestr river valley a favorable situation has emerged for making a mutually-acceptable decision on the future of the army. The ambassadors of the two countries - Vladimir Plechko and Pyotr Luchinsky - made the statement on Wednesday [16 September] in Chisinau before the beginning of the negotiations that are held in private.

Meanwhile, according to well-informed sources, the Moldovan side has expressed readiness to let officers of the 14th army willing to remain in the region to continue their service for the Moldovan national army on condition that some army units are placed under Moldovan jurisdiction.

The secretary of state of the Dniester region Valeriy Litskay has told IF [INTERFAX] that the absence of Dniester representatives from the talks makes them ineffective. "We have had a chance to prove that decisions made without the Dniester side have remained on paper", he said.

An aide of the commander of the 14th army Colonel Baranov was also surprised that the future of the army and its officers is being decided without army representatives.

The negotiations will continue on Thursday. After them the Moldovan presidential press service is expected to issue an official statement.

Snegur Courts Russian Officers

LD1609153892 Moscow Teleradiokompaniya Ostankino Television First Program Network in Russian 1400 GMT 16 Sep 92

[From the "Novosti" newscast]

[Text] The delegations representing Moldova and Russia met in Chisinau for the second round of talks on a timetable for the withdrawal of Russia's 14th Army. The Moldovan representatives believe the talks will be difficult and that rapid progress cannot be expected. They are calling for the army to withdraw from eastern Moldova according to an earlier timetable.

At the same time, as we have already reported, fresh and rather unexpected ideas have been heard in Chisinau. President Snegur has stated that Russian officers from the 14th Army living in the Dniester region can serve in the national armed forces of Moldova. Snegur also stated that military formations of the national army will be deployed in the eastern areas of the Republic.

Dniester Leader Assures Receptiveness to Dialogue

OW1709105892 Moscow INTERFAX in English 1008 GMT 17 Sep 92

[Following item transmitted via KYODO]

[Text] The head of the Dniester parliament Grigory Marakutsa has declared that the political status of his region remains the key question. At a Wednesday [16 September] news conference in Tiraspol he said that Moldova is offering it the status of an autonomous region but the Dniester people will hardly agree with that. He described as groundless Chisinau's claim that the Dniestr leadership resists a political dialogue on the future status of the region.

On the future of the 14th Russian army stationed in the region Mr. Marakutsa said it would be reasonable to pull out some of its auxiliary units from the left bank of the Dniestr, but in any case the army remains a defender of the region.

He said economic assistance from Russia is vitally important for the Dniestr region. Besides, Ukraine shows readiness for close cooperation with his region.

Parliamentary Official on Dniester Stabilization

AU1609172292 Bucharest ROMPRES in English 1609 GMT 16 Sep 92

[Text] Chisinau, ROMPRES, 16/9/1992—In the Republic of Moldova there are forces interested in keeping up the chaos at any price—stated Anatol Plugaru, chairman of the Moldovan Parliament's Permanent Commission for Security and Military Matters, in an interview to newspaper VECHERNIY KISHINYOV.

That is why—he said—any attempt to stabilize the situation in Moldova gets immediately criticized. "I am speaking about the totalitarian forces for whom an end to the Dniester conflict would be the equivalent of a tragedy. So, to avert a positive failure, these elements have concentrated their attacks against the current legitimate leadership of Moldova."

In the republics of the former USSR, Mr. Plugaru said, the current vogue is to dismiss people in high offices who have been elected democratically. We Moldovans are probably trying not to be left behind. Mr. Plugaru opined that dismissing the Republic's President Mircea Snegur would have tragic consequences for the Republic of Moldova.

Decree Recommends Debt Clearance, New Credits

PM1709103592 Moscow ROSSIYSKIYE VESTI in Russian 15 Sep 92 p 2

[Report from ROSSIYSKIYE VESTI and news agency correspondents' column under the "Nearby Foreign Countries" rubric: "Moldovan Leadership Takes Measures for Economic Reform"]

[Text] Moldovan President Mircea Snegur has issued the decree "On Measures To Stabilize the Financial State of Enterprises and Organizations and To Improve Payment Discipline in the Republic's Economy."

The decree recommends all banks and state enterprises and organizations to conduct clearing operations on liabilities as of 9 September with a view to paying them off. The Finance Ministry is obliged to provide all the republic's enterprises and organizations with new credits at a floating rate of 10 percent and more for a term of up to two years. The National Bank of Moldova has been granted the right to issue money in order to eliminate the cash shortage.

Kazakhstan

Nazarbayev Sets Three-Phase Grain Sales Plan

PM1709092192 Moscow Teleradiokompaniya Ostankino Television First Program Network in Russian 1400 GMT 14 Sep 92

[Report by D. Baimbetov, V. Lazarevskiy, and N. Kishenin in Kazakhstan; from the "Novosti" newscast]

[Text] Grain in virgin land oblasts has ripened two weeks later than usual because of rain. Yet, as a rule, bad weather always sets in again in the north of the republic at the end of September. So the harvesting period has been reduced to a minimum this year. On the other hand, the harvest is unusually abundant. Disruptions in the fuel supply and spare parts shortages are causing additional problems.

Grain growers are also worried about grain purchase prices, which are lower than elsewhere in Kazakhstan: Will they be able to make a profit?

The day after his meeting with grain growers Nursultan Nazarbayev called a conference of heads of oblast administrations in Alma-Ata at which the grain pricing policy was the main item on the agenda.

It was decided to retain a three-phase system of grain sales. In the first phase the payment is between 8,000 and 10,000 rubles per tonne, in the second there is a 10-percent markup, and in the third phase, as from 1 November, grain will be sold at contract prices. Grain to other states will be sold only at prices which apply within those states.

Decree Sets Ethnic Forum in Alma-Ata for Dec

LD1709083192 Moscow ITAR-TASS in English 1000 GMT 16 Sep 92

[By KAZTAG correspondent Fedor Ignatov—TASS]

[Text] Alma-Ata September 16 TASS—Kazakh President Nursultan Nazarbayev has signed a decree on holding the forum of nations living in Kazakhstan. It will be held in Alma-Ata on December 13 to 15, this year, and will be attended by representatives of all nationalities living in the republic. According to the decree, the forum will be convened "for the purpose of further improving inter-ethnic relations and ensuring cultural and civil accord of the republic's multinational population."

The Cabinet of Ministers and heads of local administrations were put in charge of the preparation and holding of the forum.

Officials Deny Underground Presence of Atom Bomb

LD1609201392 Alma-Ata Kazakh Radio Network in Russian 1400 GMT 16 Sep 92

[Text] KOMSOMOLSKAYA PRAVDA today published a [word indistinct] note transmitted by the BBC entitled "That's Where the Bomb Is Buried." Quoting THE SUNDAY TIMES newspaper, it is reported that in Semipalatinsk-21, and I quote: On the territory of the former test site in the area of the facility, there lies at a depth of about 600 meters an unexploded atom bomb that is impossible to remove. Its guarantee runs out in two years. End quote.

It is also alleged in the publication that THE SUNDAY TIMES correspondent discovered an unusual manifestation, in our unusual times, of interethnic strife between the residents of the former test site and the local Kazakh population.

A KAZTAG correspondent telephoned Major General Fedor Safonov, deputy chief of the national nuclear center for research and test work, and asked him to give his assessment of the newspaper story. The fact that a nuclear warhead is buried under the former test site, said the general, is not a secret or a sensation. Back in October 1991, on the initiative of the Semipalatinsk-Nevada movement, all secret documents connected with the test site in general, and this warhead in particular, were made public.

Even so, Fedor Safonov stated, there is no bomb underground. Rather, there is a physical device designed to study the processes of radiation. Immediately after the Kazakh president issued his decree on closing the nuclear test site, this device was mothballed. It is constantly monitored, and the systematic measurements show that the device is not having a harmful influence on the external environment. Kazakh scientists, together with their Russian colleagues, are now working out options for the safe removal of the device from the adit where it is immured.

The general gave an assurance that there have been no incidents supposedly connected with the exacerbation of relations between the staff at the test site and the local population. On the contrary, there has recently been a coming together of civilian inhabitants and the military personnel servicing the national nuclear center.

(Kim Setbayev), department head for the defense apparatus of the president and Cabinet of Ministers, also gave his view of the piece in KOMSOMOLSKAYA PRAVDA. Those publications which indulge in printing various fabrications, he said, have a specific purpose, and do it with the aim of inciting confrontation between the military and civilian population and causing discord between representatives of differing nationalities. The sociopolitical situation in Kazakhstan is stable and prosperous. Someone would like to transfer the fire of interethnic conflicts in certain republics of the former Union onto the territory of Kazakhstan. Both the mass media and all sober-minded people must stand up against this.

Tajikistan

Kulyab Region Appeals for CIS Troops

OW1609174792 Moscow INTERFAX in English 1639 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] The regional committee of the Kulyab region (in southern Tajikistan) appealed to the presidents of the Central Asian republics, Russia, and Kazakhstan Wednesday [16 September] with a request to lend "urgent assistance by quickly sending CIS troops to the region in order to save the people who sincerely want to build a truly democratic society."

The document stressed that the difficult political situation in the southern part of the republic where opposing political groups are fighting threatens to seize all of Tajikistan. The appeal states that thousands of innocent people have become victims of an undeclared war. Currently in that region alone more than 90,000 refugees have arrived from the Kurgan-Tyube region.

The appeal warns, if the "anti-national extremist forces" win, democratic developments will be undermined not only in Tajikistan, but in Uzbekistan, Kyrgyzstan, Kazakhstan, and Turkmenistan as well. [Moscow ITAR-TASS in Russian at 1039 GMT on 17 September adds: "In the view of the appeal's authors, should the Islamic fundamentalists be victorious, the normal democratic development of the Republic of Tajikistan and other countries of Central Asia would be upset, and the continued residence of representatives of other ethnic groups, including the Russian speaking population, would become impossible.

["No official reaction by the authorities in Tajikistan has as yet followed the appeal's appearance. It has become known from unofficial sources that this matter was discussed, among others, at yesterday evening's sitting of the Supreme Soviet Presidium and the Cabinet of Ministers."].

Update of Kurgan-Tyube, Parkharskiy Situation

LD1709135692 Moscow Teleradiokompaniya Ostankino Television First Program Network in Russian 1100 GMT 17 Sep 92

[Telephone report by correspondent M. Nikulin in Dushanbe; from the "Novosti" newscast]

[Text] Whereas the special commission of the Supreme Soviet and the Tajik Government have managed to completely stabilize the situation in the town of Kurgan-Tyube, and where life has returned to normal, it has been impossible to reach a reconciliation between the warring sides in Parkharskiy rayon neighboring the town. Fierce fighting is taking place on the territory of the state farm polytechnic named after Kuybyshev. Even the oblast headquarters do not have any information regarding casualties as a result of this conflict, which has dragged on for several days.

The situation in Kulyab oblast continues to remain complex. Yesterday the Kulyab home guard, jointly with militia employees, took under their control the Nurek hydroelectric power station, which is situated between Kulyab and Dushanbe. Today, it has become known that a motor vehicle column is being formed in Dushanbe. It will start to deliver fuel, lubricants, and foodstuffs to Kulyab oblast, probably tomorrow.

The leadership of the republic has entrusted the protection of the column and the road connecting Kulyab and Dushanbe to the 201st Motor Rifle Division stationed in the capital.

Acting Premier Sees Hope Amid Tense Situation

OW1709105092 Moscow INTERFAX in English 1009 GMT 17 Sep 92

[Following item transmitted via KYODO]

[Text] The acting Prime-Minister of Tajikistan Dzhamshed Karimov has described the current economic and political situation in his country as extremely tense but not hopeless. In an exclusive interview for IF [INTERFAX] he stressed that the domestic instability and disruption of economic ties between former Soviet republics can be disastrous for Tajikistan.

He denied claims by some analysts about a paralysis of power in the country. He said the resignation of President Nabiyev did not change the course of developments or affect a single power structure. The parliamentary speaker performs the functions of the president while the cabinet is functioning as it used to.

Mr. Karimov said that in the past few days the government stepped up efforts to settle the conflict in Kulyab and Kurgan-Tyube regions in the south of the country, however it is too early to speak of any positive changes.

According to the prime-minister, the decline in industrial and agricultural production in Tajikistan continues. Foreign countries are ready to offer big credits, but they are scared by political instability and endless armed conflicts.

For the details of the interview see today's issue of the Presidential Bulletin.

Iskandarov Visits Uzbekistan To Discuss Ties

PM1709135792 Moscow IZVESTIYA in Russian 15 Sep 92 Morning Edition p 1

[Report by Aleksandr Karpov: "Tajikistan and Uzbekistan Continue To Cooperate"]

[Text] Dushanbe—An official Tajik government delegation headed by A. Iskandarov, acting president of the republic and chairman of the Supreme Soviet, has visited Uzbekistan.

Questions of the two states' economic cooperation were discussed during talks at the level of government leaders. In particular, the Uzbek side promised to help Tajikistan with the provision of fuels and lubricants by allocating more of these products than envisaged by the norms laid down in previous treaties. The air link between the republics, suspended last spring, will be restored. Agreement has been reached in principle to lift restrictions of various kinds when railroad and motor transport cross the border between Uzbekistan and Tajikistan.

The official signing of the agreement on all the discussed problems of economic cooperation will take place within the next few days.

Staffers of the Tajik Internal Affairs Ministry Operations Staff have reported that the past 48 hours passed off relatively quietly in the republic.

Uzbekistan

Karimov Claims Iran Implicated in Tajik Events

MK1709111292 Moscow NEZAVISIMAYA GAZETA in Russian 17 Sep 92 p 3

[NEGA report: "Uzbekistan"]

[Text] Uzbek President Islam Karimov has held a news conference for foreign journalists and diplomats accredited in Tashkent which was devoted to the situation in Tajikistan and neighboring Afghanistan.

The president's address contained a direct accusation against Iran, which, according to him, is implicated in the situation in Tajikistan. Islam Karimov expressed the belief that the real organizers of the bloody events in that neighboring country are still behind the scenes and are biding their time.

Answering questions put to him by the journalists and representatives of the diplomatic corps, the president of Uzbekistan confirmed that the deportation of a group of Afghans 8-9 September from the territory of the Uzbek "Paygambar" reserve, located near the border with Afghanistan, was legitimate and nonviolent. He expressed satisfaction with the strengthening of the Tajik-Afghan border as a result of which, it had proved possible to halt forays by gunmen from Afghan territory into Tajikistan and curtail the flow of weapons.

As far as the situation in Afghanistan is concerned, the president expressed the opinion that insufficient attention is being paid by the world community to this country, and he invited acting head of state Burhanuddin Rabbani to visit Tashkent, hold talks, and establish full interstate relations.

UN Delegation Meets With President Karimov

LD1609165192 Moscow Teleradiokompaniya Ostankino Television First Program Network in Russian 1400 GMT 16 Sep 92

[Report by correspondent Sh. Ganiyeva; from the "Novosti" newscast]

[Text] We remind you that a special UN commission has arrived in Tashkent at the request by Islam Karimov, president of the Republic of Uzbekistan, to UN Secretary General Butrus Butrus-Ghali. Members of the mission met the president of the republic today. In a fairly prolonged and in-depth conversation, the head of the Uzbek state recounted the facts and all the potential reasons which led Tajikistan to the threshold of a cruel civil war. Taking into consideration the current situation, President Karimov frankly expressed his fear of the real possibility of the confrontation and conflict spreading to the whole Central Asian region. Raymond Sommereyns, director of the UN Department for Special Issues, expressed alarm over the development of events in Tajikistan.

[Begin Sommereyns recording, in English fading into Russian translation] We have come here to gather objective information about what is happening, to meet eyewitnesses and witnesses, and to then make our recommendations to the Security Council to prevent an escalation of tension and chaos throughout Central Asia. We are planning to leave for Tajikistan today. We hope to get to Dushanbe after obtaining an official invitation from Tajikistan. [end recording]

International Labor Organization Grants Membership

PM1709104392 Moscow ROSSIYSKIYE VESTI in Russian 15 Sep 92 p 2

[Report from ROSSIYSKIYE VESTI and news agency correspondents' column under the "Nearby Foreign Parts" rubric: "Uzbekistan Admitted to ILO"]

[Text] Uzbekistan has become a member of the International Labor Organization [ILO]. The corresponding telegram has been sent to the republic's government from the ILO headquarters in Geneva.

According to Akhmadzhon Lukmanov, press secretary of the republic Foreign Ministry, ILO membership will enable Uzbekistan to become a full and equal participant in international programs aimed at improving working and living conditions for the republic's working people and also to receive expert assistance in bringing Uzbek labor legislation into line with international legal norms.

Azerbaijan

Ministry Seeks CSCE Peace Efforts on Karabakh

NC1609151792 Baku TURAN in English 1140 GMT 16 Sep 92

[Text] Baku 16 Sept TURAN—Foreign Ministry of Azerbaijan says CSCE has not exhausted its potentialities to negotiate the Karabakh conflict.

Azerbaijan is not going to give up the CSCE mission and is sure that only this organization is able to settle effectively the conflict, says the Press-Secretary of the Foreign Ministry Dzhamshidov to the TURAN correspondent, objecting to the official Yerevan's statements, pressing that CSCE has exhausted all its potentialities to settle the matter.

B. Dzhamshidov thinks not objective reasons but Armenian claims on the organization to give the status of an independent delegation for the Armenian community of Nagorno-Karabakh, which contradicts to the terms of the Rome peace talks, are hampering the peaceful settlement of the conflict, mediated by CSCE.

The press-secretary outlines the Minsk peaceful talks could not even start until Armenian expeditionary corps stays in Nagorno-Karabakh.

Ministry Blames Armenia for Canceled Meeting

OW1609183392 Moscow INTERFAX in English 1806 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] Press Secretary of Azerbaijan's Foreign Affairs Ministry Dzhamshidov reported that the meeting planned for September 17 in Alma-Ata between Armenian and Azerbaijani foreign affairs ministers will not take place, and that Armenia was at fault in the matter. Dzhamshidov said the ministers would have discussed preparations for a meeting between the presidents of Azerbaijan, Armenia, and Kazakhstan in the capitol of Kazakhstan. According to the head of the Foreign Affairs Ministry's press service, President Nazarbayev, called the president of Azerbaijan September 16 and asked whether Azerbaijan was prepared for a three-way presidential meeting in Alma-Ata. President Elchibey expressed his consent. However, as was later learned from President Nazarbayev, Armenian President Levon Ter-Petrosyan announced he was not yet prepared for the meeting.

Concerning the prospects of the progress of the CSCE and the Rome negotiations, the Azerbaijani diplomat stated that Yerevan blocked the Rome process of settling the conflict by refusing to remove its troops from occupied Shusha and Lachin and not backing down from its unacceptable demand—the granting of special status to representatives of the Armenian Karabakh community in negotiations.

The Armenian president's press service announced that the three-way meeting of workers' groups in Alma-Ata on Tuesday did not achieve results "due to the destructive position of the Azerbaijan party." The Armenian party expressed that the three-way meeting of the presidents of Armenia, Azerbaijan, and Kazakhstan was theoretically possible, but only after Azerbaijan fulfilled points on the Alma-Ata memorandum and the Idzhevan protocol on the suspension of military activities along all state borders between Armenia and Azerbaijan.

In answer to the report from the Armenian president's press service, the Azerbaijan party announced that the Idzhevan protocol was only a protocol on intentions and that additional commitments should not be placed upon it. Azerbaijan did not change its position, even despite insistent appeals from Kazakh President Nursultan Nazarbayev, reported the Armenian president's press service.

Ministry Accuses Armenia of Using Poison Gas

OW1609134292 Moscow INTERFAX in English 1319 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] The Defense Ministry of Azerbaijan asserts that the villages of the Tauz region of Azerbaijan were fired by shells with poison gas.

The Ministry's press center reports that according to the results of a preliminary analysis, the 122-mm artillery shells filled with needles which were fired against the villages contained a substance of orange color. Several cases have been registered when people died in some minutes if a splinter of a shell reached them.

Earlier Azerbaijan already accused Armenia of using poisoning gases but international experts did not reconfirmed this fact.

President Comments on Developing Ties With U.S.

LD1609135792 Moscow ITAR-TASS in English 1241 GMT 16 Sep 92

[By AZERINFORM correspondent Mirzoyev]

[Text] Baku September 16 TASS—The ambassador of the United States of America to Azerbaijan, Richard Miles today presented his credentials to the president of the Azerbaijan Republic, Abulfaz Elchibey.

The president stressed that Azerbaijan is interested in the development of comprehensive relations between the two countries. He noted that a new impulse to the development has been imparted by the opening of direct diplomatic relations between Azerbaijan and the United States.

Richard Miles said that the United States would support democratic changes in Azerbaijan.

Georgia

UN Mission Arrives; Meets Shevardnadze

LD1509155192 Moscow ITAR-TASS World Service in Russian 1415 GMT 15 Sep 92

[By ITAR-TASS correspondent Mikhail Kasoyev]

[Text] Tbilisi, 15 Sep—A UN mission headed by Gustave Feissel, director of the European section of the department for political affairs, arrived in Tbilisi today. It held a private meeting with Eduard Shevardnadze, chairman of Georgia's State Council, and Aleksandr Chikvaidze, the foreign minister.

On 16 September, the UN mission plans to visit the conflict zone in Abkhazia for an on-the-spot inspection of the situation.

Shevardnadze Meets NATO Delegation

LD1609155392 Moscow ITAR-TASS in English 1510 GMT 16 Sep 92

[By ITAR-TASS string correspondent Michail Kosoyev]

[Text] Tbilisi September 16 TASS—A new mission of the North Atlantic Bloc is of great importance in view of radical changes in Europe, Eduard Shevardnadze, chairman of Georgia's Council of State, said here today during a meeting with a NATO delegation led by Christopher Donally, a personal envoy of the NATO secretary-general.

"The main thing now is not to lose time and accurately to determine the role of NATO in a settlement of conflicts because regional internal confrontations may do a great harm to both peace in Europe and throughout the world," Shevardnadze said.

A spokesman at the State Council's press centre told ITAR-TASS that it was pointed out during the meeting that NATO may exercise a great influence in the development of defences in newly-independent states because this process is evolving in a "primitive and spontaneous" way there so far.

The possibility of inspective cooperation between NATO and Georgia was discussed during the meeting and practical steps were mapped out.

Shevardnadze Meets Democratic Abkhazia Faction

LD1709122192 Moscow ITAR-TASS in English 1144 GMT 17 Sep 92

[By ITAR-TASS freelance correspondent Tengiz Pachkoriya]

[Text] Sukhumi September 17 TASS—Chairman of the State Council of Georgia Eduard Shevardnadze and Minister of Defence of the Republic Tengiz Kitovani arrived in Sukhumi on Thursday [17 September]. They held a meeting with members of the parliamentary faction "Democratic Abkhazia."

Defense Minister Dissatisfied With Adler Talks

OW1709104192 Moscow INTERFAX in English 1008 GMT 17 Sep 92

[Following item transmitted via KYODO]

[Text] The Georgian Defence Minister Tengiz Kitovani has expressed dissatisfaction with the outcome of the Tuesday [15 September] talks in Adler in the framework of the trilateral commission for controlling the settlement in Abkhazia.

He told journalists that it is impossible to negotiate with the Abkhaz parliamentary leader Vladislav Ardzinba who "puts forward intentionally unacceptable conditions such as the withdrawal of all Georgian units from Abkhazia".

Still he said that despite the stalemate he will take part in the next session of the commission which he said is due in Adler today.

Abkhaz Units Attack Positions Near Gagry

OW1709103592 Moscow INTERFAX in English 1007 GMT 17 Sep 92

[Following item transmitted via KYODO]

[Text] Despite the Wednesday [16 September] cease-fire agreement Abkhaz units attacked Georgian positions near the town of Gagry last evening, according to the local military authorities. The attack was repelled. Two Georgians were wounded. There were no hostilities during the night or on Thursday morning in the area.

On Wednesday a working group of the trilateral commission for controlling the settlement in Abkhazia arrived in Gagry. It checked the exchange of detainees. During the past three days the Abkhaz side released 107 Georgian captives.

The night was also calm in Sukhumi and its environs. On Wednesday a UN delegation in Sukhumi met members of the Georgian faction of the Abkhaz parliament and the head of the Georgian church in Abkhazia Father David. On Thursday the delegation is going to Gudauta where the leader of the Abkhaz parliament Vladislav Ardzinba is staying.

Troop Disengagement Reportedly Succeeding

LD1609134592 Moscow ITAR-TASS in English 1246 GMT 16 Sep 92

[By ITAR-TASS special correspondent Mikhail Shevtsov]

[Text] Sochi September 16 TASS—Six days have passed since a decision was adopted to disengage forces in

Abkhazia. The achieved agreements are being, in the main, fulfilled. Georgian and Abkhazian troops have been disengaged three kilometres apart along the Gumista River and mixed observation posts have been stationed in the formed corridor.

Vice-Chairman of the State Emergency Situations Committee of the Russian Federation Yuriy Vorobyov, who heads the Russian part of the commission for control and inspection in Abkhazia, described this as "the first and very important step forward". However, facts show that it was impossible to extinguish the conflict completely. Shooting and attempts to attack observation posts have not ceased. Both sides blame each other for this. In the meantime, uncontrolled armed units remain active in the region. Bandit gangs commit outrages and rob peaceful civilians.

According to experts, who took part in the settlement effort, the difficulty of the negotiations is explained by the insufficient comprehensiveness and concreteness of the final document on the Abkhazian settlement, signed in Moscow on September 3rd by leaders of Russia, Georgia and Abkhazia. They note the insufficient clarity on the status of Georgian troops in Abkhazia, inefficiency of the mechanism to disband and remove North Caucasian volunteers from the republic. It does not specify the conditions in which lawful government bodies, still remaining in Gudauta, could resume their work. The document says nothing about peace-keeping forces without which, experts believe, the conflict can hardly be settled. Moreover, Georgia does not support the idea of moving peace-keeping units into the region. This is why persistent calls are coming from different levels in Abkhazia to convene shortly a new summit meeting in order to amend the Moscow agreements.

Chairman of the Abkhazian Supreme Soviet Vladislav Ardzinba believes that Georgian troops are the main violators of peace in the republic. He demands their complete withdrawal, at least from Sukhumi. Observers believe he will hardly agree to hold a session of the Abkhazian Supreme Soviet in Sukhumi, to restore lawful government bodies and to disband North Caucasian volunteer units before this precondition is fulfilled.

Armenian Delegation Arrives for Visit

NC1709142892 Yerevan SNARK in English 1037 GMT 17 Sep 92

[Text] Tbilisi, September 17 (SNARK)—The delegation of the Armenian Parliament arrived in Tbilisi at the invitation of the Georgian Government. Yesterday the Armenian delegation together with the UN mission of good will left Tbilisi for Sukhumi. The aim of the visit is to get acquainted with life of the Armenian community in Abkhazia, to prevent its participation, to renew the railway which is of strategic importance for Armenia.

S. Ossetian Peacekeepers Issue Appeal to Media

OW1709160092 Moscow INTERFAX in English 1449 GMT 17 Sep 92

[Following item transmitted via KYODO]

[Text] The joint command of the peace-keeping contingent in South Ossetia asked the media people to abstain from spreading reports that can aggravate relations between Georgia and Ossetia.

Their appeal, signed by generals Anatoliy Dronov, Panteleymon Georgadze and Stanislav Slanov, says that any biased and unchecked report may aggravate confrontation and foil the ongoing peaceful settlement of Georgian-Ossetian relations.

TASS and RIA correspondents have not visited this region for more than two months, and Georgian reporters have not been here for almost four weeks, all of which gives rise to misinformation, the generals wrote.

On September 12, says the document, Channel 1 of Russian TV announced that a "large-scale operation to confiscate unregistered weapons from the population got underway". This information is untrue. The confiscation of weapons would be premature, entail unpredictable consequences and seriously aggravate the situation, wrote the generals.

State Council Warns Against Hindering Elections

OW1609175992 Moscow INTERFAX in English 1640 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] A Georgian State Council decree strengthening punishment for hindering the population during the electoral process will take effect beginning September 16. According to the news agency Sarke, the decree provides for 3 to 8 years of prison and 8 to 12 years in cases resulting in human loss.

The decree takes effect before the parliamentary elections, which are set for October 11.

Estonia

Polls Indicate Ruutel Leading Presidential Race

WA1609195992 Helsinki HELSINGEN SANOMAT in Finnish 9 Sep 92 p C1

[By Mart Ummelas]

[Text] Estonian presidential race forecasts vary widely, depending on the polling organization. Last week the EKE-Ariko Research Center released figures showing support for Arnold Ruutel running at 30% of voters and Lennart Meri 29%. The results of an EMOR Center poll released on Tuesday [9 September] indicate Ruutel's support was around 46%, a figure that approaches the 50% necessary to avoid a runoff. This represents a recent and large gain for him. According to EMOR, Meri would receive 29% of the votes. Running third in support is Rein Taagepera, who would garner 18%.

Defense Official on Pullout Deadline Compromise

OW1609193592 Moscow BALTFAX in English 1538 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] Estonian Deputy Defence Minister Toomas Puura told BALTFAX at an interview that he did not rule out the possibility that Estonia and Russia would be able to reach a compromise agreement on the withdrawal of Russian troops before the end of 1993.

As is already known, Estonia has hitherto insisted that the troops be withrawn before July, 1993, and that Russia subsequently requested that this deadline be extended to 1994 at the last round of international negotiations on the subject.

Puura said that the Russian military representatives had demonstrated "more readiness for compromise than previously", and that there was now a real prospect that the opportunity of coming to an agreement with Russia on compensation for arms confiscated from the Estonian army in 1940 will arise.

In addition, Puura considered that the schedule for the withdrawal during 1993 proposed by the Russian side "must not be taken seriously". He said that this schedule contained certain disparities (e.g. it provides for two units which, as hitherto claimed, have been withdrawn already). Also, the schedule does not provide for the withdrawal from Tallinn of the 144th Motor Division insisted on by the Estonian side.

The Deputy Defence Minister said that within one year, the number of Russian troops in Estonia had been reduced by more than half-from 36,000 to 15,000. In his opinion, the speedier withdrawal of troops from Estonia in comparison to Latvia and Lithuania can be put down to the fact that the republic now has its own currency and an effective safeguard against attempts to bring new Russian recruits into the republic.

[In a related report carried in the same facsimile transmission at 1538 GMT on 16 September, BALTFAX cites Puura as saying a Russain paratrooper division stationed in the town of Viljandi "will be withdrawn from the republic before the end of September." BALTFAX adds that the division, which conists of several hundred paratroopers, is scheduled to hand over to Estonia the buildings it currently occupies on 25 September.]

Government Adopts Aid Plan for Returnees

OW1709101792 Moscow BALTFAX in English 0939 GMT 17 Sep 92

[Following item transmitted via KYODO]

[Text] The Estonian government has adopted a plan of helping Estonians returning to Estonia for permanent residence from other countries, specifically from the hot spots of the former USSR.

The head of the migration department Andres Kollist said 17 Estonians who lived in Abkhazia have fled in the past few days to Estonia. The refugees will temporarily live at holiday homes while the department is looking for permanent housing for them.

The Foreign Ministry has been instructed to offer all-round assistance to the returnees through Estonian missions abroad and in necessary cases to offer them protection.

Radio Staff Cancels Election Day Protest Action

OW1709120892 Moscow BALTFAX in English 0940 GMT 17 Sep 92

[Following item transmitted via KYODO]

[Text] On Wednesday [16 September] the trade union local of Estonian radio decided to agree with the decision of the Radio Board to raise salaries by 40% at the cost of inner reserves [as received] and cancel the protest action scheduled for September 20 - the day of parliamentary elections. Earlier radio workers intended to broadcast only the call sign of the station on that day.

However, according to the head of the third channel Reet Valing, employees are not giving up their demand to raise salaries to 800-1,200 kronas. The demand will be made to the new parliament and cabinet. Ms. Valing did not rule out the possibility of protest actions in the future.

Lithuania

Former Premier Denies Cooperating With KGB

LD1509173392 Moscow ITAR-TASS World Service in Russian 1542 GMT 15 Sep 92

[by ITAR-TASS correspondent Igor Gvritishvili]

[Text] Moscow, 15 September—Kazimera Prunskiene has completely denied that she cooperated with the KGB as a secret agent during the past few years. She stated this at a meeting with Russian and foreign correspondents in Moscow today.

In this way, Lithuania's former prime minister refuted yesterday's verdict of the Collegium for Civil Cases of Lithuania's Supreme Court which confirms the fact of her deliberate cooperation with the Lubyanka. Replying to an ITAR-TASS correspondent's question as to what her ties with state security had consisted of, Kazimera Prunskiene replied that "for this department she had written only scientific reports about her trips abroad in the set form for higher educational establishments, and that these reports had also been signed by the pro-rector of the university where she had been working." The documentary evidence presented in court, in particular, the alleged receipt with her signature about voluntary cooperation with the security organs, she regards as a document which was forged at the time by the KGB—even though it is a good forgery—and which has now been dragged out by forces who are not interested in a continuation of her political career.

In general, in the former prime minister's view, "this judicial farce needs to be regarded in the light of the approaching parliamentary elections in Lithuania." According to her claim, the greatest interest in this matter was shown by Chairman of the Lithuanian Parliament Vytautas Landsbergis and the "Coalition for a Democratic Lithuania" movement whose popularity is now in sharp decline in the country. Kazimera Prunskiene stressed that she intends to appeal against the verdict of the court and to prove with the assistance of a technical expert's finding that the case against her has been fabricated.

Holds News Conference

PM1709151592 Moscow KOMSOMOLSKAYA PRAVDA in Russian 16 Sep 92 p 1

[Report by O. Pshenichnyy under the "Specially for KP" rubric: "K. Prunskiene Rejects Accusation"]

[Excerpt] Kazimera Prunskiene, former prime minister of independent Lithuania's first government, gave a news conference yesterday in KOMSOMOLSKAYA PRAVDA's Blue Room. As is well known, the day before yesterday the Lithuanian Supreme Court delivered a verdict, according to which, Prunskiene is accused of regular cooperation with the KGB both in the early eighties and at the time of perestroyka and Lithuania's struggle for independence.

Replying to journalists' numerous questions, Prunskiene expounded her position on this charge in very great detail. To give a general account of Prunskiene's assessment, it appears as follows: "Right from the start I did not recognize the initial principles or the formulation of the question either by the commission or by the court, and the real basis of these charges was a report on a scientific trip abroad, which at that time, all people who traveled outside the USSR were obliged to make—a fact that I myself have never concealed. The second part of the charge was a fabricated document about my consent to work for the KGB, produced by the same shady structures which tried to compromise me even before the putsch in the interests of a reactionary section of the Moscow leadership, in order to weaken the forces seeking Lithuania's independence and to disunite them. These 'specialists' are now working for the right-wingers, i.e. for Landsbergis, so as to strengthen his positions on the eve of the elections. However, they do not have any serious arguments, and these accusations are now starting to rebound even against them. I intend in the very near future to appeal against the court's decision with proof in hand, and my attorney is working on this now." [passage omitted]

Premier Suggests Postponing Meeting With Gaydar

OW1609114292 Moscow BALTFAX in English 1037 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] Lithuanian Prime Minister Aleksandras Abisala has suggested that his meeting with acting Russian Prime Minister Yegor Gaydar scheduled to take place in Moscow on September 18 be postponed until September 22 and be held in Vilnius. Lithuanian Minister without Portfolio Gediminas Serksnys told BF [BALTFAX] that the suggestion had been wired to Moscow yesterday.

According to Serksnys, the postponement of the meeting is necessary in view of difficulties in the drafting of the agreements on the opening of trade delegations, a monetary and crediting policy, mutual payments, and trade and economic cooperation for 1993 to be signed by Abisala and Gaydar.

Today Lithuania's Deputy Economics Minister, Vytas Navickas, and Deputy Energy Minister, Robertas Tamosiunas, have left for Moscow to continue work on the drafts. They are also planning to meet the Chairman of the Russian State Committee for Foreign Economic Relations, Vladimir Mashits, who heads a commission monitoring interstate agreements.

According to some sources, the Lithuanians will insist at the negotiations that Russia fulfill its commitments stipulated in an intergovernmental agreement for 1992. In particular they will discuss the resumption of Russian oil supplies on the basis of contracts signed by Lithuanian and Russian firms which are being blocked by Russian delivery services.

The Lithuanian delegation will also insist that Russia continue selling Lithuania natural gas at prices stipulated by the agreement at a rate of 35 rubles to a dollar, charging no customs duties.

If the Russian Government refuses to meet these demands, the Lithuanian Government intends to raise the prices of goods exported to Russia.

New Finance Minister Discusses State Budget

WS1609130492 Vilnius ELTA NEWS BULLETIN in English 1424 GMT 14 Sep 92

[From ELTA "NEWS BULLETIN" No. 78]

[Text] 14 September 1992—At his press-conference the new Minister of Finance Audrius Misevicius said that there was no deficit in the state budget: expenses do not exceed incomes, though the financial system is unstable because of the improper tax account, a bigger part of it does not come in the budget. The income tax of the total and private excise is going to be changed, the assessments of the production imported into Lithuania from the East will be suspended thus alleviating the situation of the enterprises.

Parliament Passes Antimonopoly, Bankruptcy Laws

OW1609193692 Moscow BALTFAX in English 1538 GMT 16 Sep 92

[Following item transmitted via KYODO]

[Text] The Lithuanian Supreme Soviet on Tuesday [15 September] passed antimonopoly and bankruptcy laws.

At a meeting with Lithuanian manufacturers and entrepreneurs on Wednesday, the republic's Economy Minister Albertas Simenas said that the antimonopoly law would enable the government to impose a fine of up to 10% of the annual turnover of any enterprise which abused its statute.

At the same meeting, Lithuanian Premier Aleksandras Abisala said that the bankruptcy law would introduce a "normal, civilised way of liquidising unfeasible enterprises".

The laws will come into effect on November 1st.

Fuel Crisis Raises Public's Household Expenses

LD1609163492 Vilnius Radio Vilnius in English 2300 GMT 13 Sep 92

[From the "Way We Live" program]

[Excerpts] As of 1 September, the population has had to dip further into their pockets to pay for the large increases of household electricity, hot and cold running water, as well as other public utilities. This was triggered off by the new round of price rises of fuel and natural gas. Russia has not only demanded higher prices for both these energy resources but has reduced by half its supplies of natural gas to Lithuania. People in Lithuania now have to pay five times as much as they did before for their electricity bills and double the amount for water supplies. Yet, due to the acute shortage of fuel, hot water supplies have been drastically reduced and are available only on the weekends. Most of the apartments in Lithuania are centrally heated. Thus, if a solution is not found to the existing fuel shortages, it looks like most people will have to spend the winter months in rooms where the temperature will barely be 14 Celsius, just enough to keep the mains from bursting.

Vilnius municipality officials term the situation a blockade one, yet they are inclined to believe that this is a natural crisis, the result of the transition from a planned to a market economy.

Although water rates in Lithuania are 20 times lower than the average charged in other European states, most people in this country believe that they are much too high and besides, it is not yet clear whether the population will be charged to pay for the hot water on the days that it is supplied, or, as before, for an entire month. Due to these latter circumstances, as well as the fact that local councils simply cannot cope with informing people about the new price rises each month, part of the tenants no longer pay for these services altogether. Of course, there is a certain category of people, who intentionally do not pay the rent since there is no legislation making it possible to apply sanctions in such instances. Besides, there are a great many families, the precise number of which is not yet known, whose budgets simply do not allow them to pay the rent. Vilnius municipality officials believe that this situation will be rectified as soon as low budget families receive benefits and an appropriate legislation is passed, making conscious rent dodgers answerable before the law. But at the moment, 30 percent of the population gets away without paying the rent, water, electricity and gas bills.

According to the data released by the Vilnius city municipality, last month alone the state budget missed out on 27 million rubles. Some people cannot understand said (?Arunas Makauskas), director of the Vilnius State Water Supplies Enterprise, why they should pay for their apartments if they just cannot lead a normal life. And they are right. However, Mr. (?Makauskas) continued, everybody has to realize that there are insufficient funds in the state budget to purchase all the required quantities of natural gas and fuel at the present prices. If the population refuses to pay, or will only pay for those days when hot water is, in fact, supplied, we will never find a way out of this crisis, said (?Arunas Makauskas). The time has come to make a choice, are we going to live under extreme conditions, or are we ready to pay much more for the utilities and purchase natural gas from Russia at commercial prices? [passage omitted]

(?Arunas Makauskas) believes that the residents of Vilnius will have sufficient water supplies during the winter months. The water mains have been fully prepared to cope under the winter conditions. Whether there will be hot running water everyday depends entirely on whether an appropriate treaty is signed with Russia on energy resources. (?Arunas Makauskas) however, believes that most people will obviously be inclined to pay more so as

to stay warm during the winter months, instead of living in their cave-like conditions. People, meanwhile, are all thinking of how to cope with these problems. [passage omitted]

Statistics Show Decrease in Industrial Production

WS1409130792 Vilnius ELTA NEWS BULLETIN in English 1710 GMT 11 Sep 92

[From ELTA "NEWS BULLETIN" No. 77]

[Text] 11 September 1992—According to the data provided by the Lithuanian Department of Statistics, during the 8 months of this year the amount of the industrial production has decreased by 44.8 per cent in comparison with last year.

The production of galvanic elements and batteries has decreased by 72 per cent, the paper production—by 61 per cent, the production of refrigerators by 53.5 per cent.

During the 8 months of this year the production has sharply decreased in the industrial branches of chemistry and oil chemistry by 61.5 per cent, fuel—59 per cent, printing and publishing—47.9 per cent.

44 per cent of the Lithuanian industrial enterprises have been using up to 60 per cent of their industrial capacity and 10 per cent of enterprises—up to 30 per cent of their industrial capacity.

Investments Accord Signed With PRC

OW1709122992 Moscow BALTFAX in English 0940 GMT 17 Sep 92

[Following item transmitted via KYODO]

[Text] The Lithuanian vice-minister for international economic relations Gintaras Pukas and deputy director of the legal department of the Chinese ministry for foreign economic trade Zhang Yuejiao have initialled an agreement on mutual support for investments and their protection.

It was announced at the meeting of the two delegations that China intends to offer Lithuania 2,600 tonnes of rice as humanitarian aid and a credit of $5 million.

China is the only Asian country having its embassy in Lithuania. Earlier the two countries signed a consular agreement and a treaty of economic cooperation.

Landsbergis Comments on Agreement With Russia

OW1709123192 Moscow BALTFAX in English 0941 GMT 17 Sep 92

[Following item transmitted via KYODO]

[Text] The head of the Lithuanian parliament Vytautas Landsbergis has accounted [as received] the agreement between his country and Russia on the withdrawal of troops prior to similar understandings with Latvia and Estonia to Russia's determination to undermine the common approach of Baltic states.

However, in an interview for Lithuanian television after his return from a session of the Baltic Council in Tallinn on Wednesday [16 September] he admitted that Lithuania's agreement with Russia is a common achievement which should be followed by Russia's agreements with other Baltic states.

'Imperialist' Attempts To Stop Withdrawal Decried

WS1409130192 Vilnius ELTA NEWS BULLETIN in English 1710 GMT 11 Sep 92

["The Pullout Signed in Time"—ELTA NEWS BULLETIN headline; from ELTA "NEWS BULLETIN" No. 77]

[Text] 11 September 1992—The agreement to pull out the Russian troops from Lithuania by August 31, 1993 could not have failed to arouse a reaction for the empire-minded forces in Russia who have prevented President Boris Yeltsin from visiting Japan and negotiating the return of the Kuril islands. That would have certainly been too much for those who always stood for "the undividable and undistructible union of the free republics" and schemed the revolution of "the oppressed and ruthlessly exploited masses" all over the world.

It would be naive to believe that these forces will easily acquiesce the loss of the Baltic Sea Coast. They have already managed to stir up warfare in the Trans-Dniester region and, in fact, to tear it away from Moldova. They are successful in the Caucasus, and success whets appetite. They are strongly tempted to resort to the Trans-Dniester scenario in the Baltics too, especially in the north-east Narva district of Estonia.

They have already instilled a military hotbed in Latvia by organizing there a Cossacks' squad who openly proclaim that Latvia is a Russian land for which the Russian czars had fought and that the Russian army has to be there to defend the Russians against the alien Latvians. The Cossacks have the Russian Vice President Aleksandr Rutskoy's backing.

However, any military intervention needs the plea of a peaceful mission, even a petition of disgruntled people. This could be achieved by the economic pressure and blockade of energy resources which would make the living standards plummet and bring about a repetition of the January 1991 events on a broader scale in all the three Baltic States simultaneously. The anti-independence groupings and the still existent secret services of the agonizing empire lie in wait though it would be best if the legally elected bodies of the states pleaded for the "fraternal" aid themselves.

This is one of the probable scenarios in the Baltic countries nursed by the imperialist forces who succeeded in impeding Boris Yeltsin's visit to Japan and who will

try to do their utmost to obstruct the scheduled withdrawal of the Russian troops, thus taking their revenge.

East Lithuanian Association Discusses Platform

WS1609130092 Vilnius ELTA NEWS BULLETIN in English 1424 GMT 14 Sep 92

[From ELTA "NEWS BULLETIN" No. 78]

[Text] 14 September 1992—The East Lithuanian Association uniting about ten societies of different nationalities was set up at the beginning of this year. Now it held a meeting to discuss its programme for the election to the Seym and the list of its candidates. The Association devotes much attention to the historical, lingual, cultural and economic problems, facing the national communities inhabiting Eastern Lithuania. It aims at rallying various organizations which would stimulate the revival of Eastern Lithuania, unite people regardless of their nationality, language and creed and foster respect for the laws of the Republic of Lithuania and tolerance towards the variety of cultures.

Former Political Prisoners Join Electoral Campaign

WS1409130592 Vilnius ELTA NEWS BULLETIN in English 1710 GMT 11 Sep 92

[From ELTA "NEWS BULLETIN" No. 77]

[Text] 11 September 1992—The Honorary Chairman of the Union, deputy of the Supreme Council of Lithuania, Balys Gajauskas, who had spent 35 years in the Soviet Gulag, told the journalists that though the Former Political Prisoners and Deportees' Union had been Formed just a year before the declaration of the restoration of the independent Republic of Lithuania, its members had been engaged in politics since 1940, the year of the occupation of Lithuania by the Soviet Union. They have accumulated great experience through their struggle and ordeals in the Gulag and exile. In the election campaign the Prisoners and Exiles Union is forming a block with the Democrat and Christian Democrat parties. In choosing their deputies, they adhered to the principle that they had never been members of the Communist party or ever collaborated with the USSR KGB organs.